THE
TICKER
INVESTMENT AND DIGEST

Investment: The placing of capital in a more or less permanent way, mainly for the income to be derived therefrom.

Speculation: Operations wherein intelligent foresight is employed for the purpose of deriving a profit from price changes.

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How to Select Investments

By WILLIAM WALKER

VI.—The Prospect for Irrigation Bonds

WITH the rapid extension of irrigation projects both by the Government and by private enterprises, these bonds are attracting more and more attention and they are worthy the careful study of investors.

Some of the popular ideas about irrigation bonds are erroneous. For example, the holder of a bond issued by a corporation which is building irrigation works under the Carey Act is frequently told that his bond is secured by first lien on the entire irrigation system and purchase money mortgages on the land and the water rights.

These so-called purchase money mortgages, however, are in reality nothing but settlers' contracts to pay for the water rights by instalments. The company sells the water right to the settler. The State, as authorized by the United States Government, sells a limited number of acres to each purchaser. If the settler abandons his contract it is usually impracticable for the company to take actual possession of the land by foreclosure sale and work it profitably. The company may or may not readily find another purchaser. The whole project depends upon the continuous payment of instalments by settlers.

This is merely an illustration of the fact that the irrigation bond demands special investigation and must be differently judged from the ordinary railway or industrial bond.

IRRIGATION DISTRICT BONDS.

These are frequently called municipal bonds, and by most writers have been passed over with the remark that they are to be judged by the same standards as other municipal bonds. In point of fact the district bond is quite different from the ordinary municipal bond.

Municipal bonds are limited by law in all States to 10 per cent. or less of the assessed value of property in the municipality. This is what gives such bonds their high standing. Irrigation district bonds are not so limited.

Regular municipal bonds could be issued by any municipality for the purpose of building irrigation works, just the same as for building a court house or any other improvement; but this is rare-

ly, if ever, done for the reason that the cost of irrigation enterprises is too large in proportion to the previous value of taxable property. The whole idea and purpose of irrigation is to give value to land which was previously almost valueless. Hence irrigation bonds to the amount of 10 per cent. of taxable property would hardly ever be sufficient to build the irrigation works.

Irrigation districts are formed under the provisions of the "Wright act," first passed in California, extensively amended later, and then substantially adopted by several other States. The districts are formed by petition of settlers to the officers of the county which contains the greatest part of the land to be embraced in the proposed district. These officers have the authority to pass upon the petition.

Bonds are then issued to cover the cost of the irrigation works, whatever that may be. According to statute the bonds cannot be sold for less than 95% of their par value, but the company which is to construct the irrigation works, may accept bonds in payment. It is, therefore, an easy matter by raising the price of the construction work, to secure the bonds for less than 95 per cent. of par.

The result is that the relation of the par value of bonds issued to the value of taxable property in the irrigation district is problematical, and district bonds, therefore, cannot be bought with any such serene confidence as ordinary municipal bonds.

BONDS ISSUED UNDER THE CAREY ACT.

The practical working of the Carey Act has been described as follows:

"A certain tract of Government land having been determined upon as suitable for reclamation, the corporation desiring to construct irrigation works thereon, for the purpose of reclaiming the land under the act, files with the State board of land commissioners its application, together with its proposal for constructing the works.

"These plans must be approved by the State board of land commissioners, and the water supply must be thoroughly examined and reported on by the State engineer. The State then makes application to the Secretary of the Interior, for a segregation of the lands embraced in the application, submitting the exact plans for the proposed system, and if after due consideration the Secretary of the Interior complies with the request the State board enters into a contract with the corporation, covering the specifications, as set forth in the application, the corporation giving an adequate bond for the faithful performance of their part of the contract, and the work proceeding under the direct supervision of the State engineer.

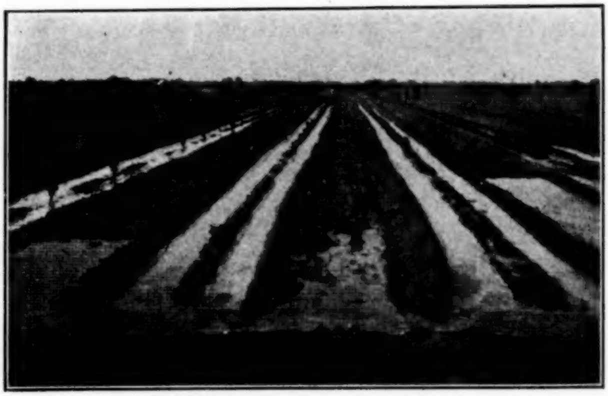
"Under authorization of the United States Government, and upon the segregation of the lands to be irrigated, the State creates a first and prior lien in favor of the corporation, under which none of the land may be sold, until the purchaser has acquired from the corporation, at the stipulated price, corresponding water rights, or shares in the carrying capacity of the canals, sufficient to deliver the water required for the irrigation of his land."

The water rights are paid for by instalments and the settler enters into a contract covering the future payments. The land and the water right must go together—neither can be purchased separately, and, of course, neither would have any value alone. The irrigation company has a prior lien on the water right and land as security behind the purchaser's contract. This lien is often incorrectly called a purchase money mortgage.

Both the land and the water rights are practically valueless without a settler to work the land and make use of the water. The bonds depend for their security upon the success of the entire irrigation project as a going concern; but the Carey act irrigation projects are now so carefully supervised by both State and national authorities that the complete failure of any large enterprise of the kind is considered almost impossible. In some instances such bonds have been guaranteed by a company which owns several irrigation enterprises and perhaps has other sources of income. Such a guarantee still further strengthens the position of the bonds.

BONDS OF PRIVATE IRRIGATION COMPANIES.

The third class of irrigation bonds comprises those issued by private corporations. Such a bond is, as a rule, simply a first mortgage on the land, water right, dams, reservoirs, canals and the irrigation system in general, as described in the mortgage. Notes or contracts received from settlers in payment for water rights are usually deposited with a trustee as additional security on the bonds. As cash is received from settlers it is applied to the redemption of the bonds, which are ordinarily issued serially. The expectation is that the total issue of bonds will be steadily reduced, while the value of the land is constantly increasing through cultivation.



Irrigation Ditches on New Land.

A clear understanding of the nature of the above three classes of irrigation bonds is essential to the investor. Irrigation bonds run all the way from the best district bonds, which have the credit and taxing power of the district behind them and may be as sound as the best municipal bonds, to those of wild-cat private enterprises managed by irresponsible promoters, whose only real object is to sell their worthless securities to a credulous public.

In regard to the bonds of private irrigation companies, it is also fair to state that while, owing to the lack of supervision exercised over enterprises of this class, it is possible for them to be absolutely worthless, it is nevertheless possible for a private irrigation company to be in a stronger position than any Carey act company, as they can have an absolute title to the land under irrigation and can enter into possession in the case of a default without the difficulties attendant on foreclosure proceedings. The land is also, in many cases, a valuable asset, having a considerable market value as unirrigated land.

THE FUTURE OF IRRIGATION.

So much has been published in regard to the wonderful results obtained on irrigated lands that we merely touch briefly upon that phase of the subject here.

Growth of Irrigation.

	1890	1908
Farms irrigated in U. S.	54,000	167,000
Acres irrigated in U. S.	3,631,000	11,000,000

The construction cost of irrigation systems per irrigated acre was $13.47 in 1908. The value of the land when irrigated ranges from $50 an acre to $2,500—the latter figure being quoted for some of the Yakima Valley orchards.

These figures show plainly the enormous possibilities in successful irrigation. When an expenditure of $13.47 per acre constructs irrigation works which raise the value of the land from nothing to even $50 or $100 per acre, the

bonds based upon such irrigation systems are abundantly secured.

"It should be understood," says a recent writer, "that the Great American Desert is a desert only in the sense that it lacks water. The soil itself is as rich as any in the world; there is no chemical food required by vegetation which is not there in abundance. Its texture is good. Nothing is lacking but the water. This has been shown on the millions of acres to which the water has been carried already by artificial methods.

"In fact, the farmer of the former arid region is now better off than the man in the humid East, for he can turn on his water whenever he needs it; his rain is in storage and always available, while the Eastern farmer, who has no irrigation system, must figure on total or partial loss of his crop, periodically, because of the drouth from which he has no relief. Perhaps the system may spread to all the States eventually in the struggle for the solution of the problem raised by the high price of food. Ditching on a small scale has already been undertaken by some of the farmers in southern Pennsylvania."

The fact that the United States Government is developing irrigation projects side by side with private corporations has not resulted in any conflict. So far there has been ample room for all. The reputable irrigation corporations have the approval of the Government reclamation service. Government officers merely advise investors to investigate carefully as to the rights of the corporation to the water, the good faith of the officials, etc. President Taft himself has said:

"Irrigation works under private auspices are being projected in every direction, and the prospect of reclaiming millions of acres from the desert is most encouraging. The examples of government engineering, and of ingenuity in planning the structures in these various projects are of immense utility as models for private enterprise."

HOW TO TEST IRRIGATION BONDS.

First, consider only bonds offered by responsible bond houses or by persons whose integrity is well known to you. Such a bond house will, in many cases, be a member of some prominent exchange, but not necessarily; nor can membership in an exchange be accepted as an absolute guaranty of the highest standing. One of the simplest and most easily available tests of the standing of a house is the conservative character of its advertising and of the mediums in which the advertising appears. The best magazines are careful as to the advertisements they accept. They cannot, as a matter of course, guarantee the responsibility of all advertisers, but they do make a sincere effort to exclude suspicious bond offerings from their columns.

If you are not familiar with the standing of bond houses, your banker will usually give you reasonably unprejudiced advice. Ordinarily it is better to accept the judgment of the banker as to the responsibility of the bond house, and then get the judgment of the bond house as to the bonds to be purchased. The banker may or may not be a good authority on irrigation bonds.

Second, What is the character and standing of the engineer who is in charge of the irrigation project or who has investigated and reported as to its feasibility? Is the company organized in accordance with the best legal advice? Have expert farmers tested the productiveness of the land? Are transportation facilities adequate?

Third, Is the irrigation company a going concern? Are settlers now successfully farming the lands and is the number of such settlers increasing? Bear in mind that the percentage of farms "sold" to prospective settlers is not always a safe guide. The lands may have been bought on the "nickel-down and-nickel-a-week" plan, and the first payment may be the only one ever made.

Fourth, Are the bonds secured by 125 per cent. to 150 per cent. of valid settler's water contracts?

CONSTRUCTION BONDS.

Bonds not based on a going concern but issued for the purpose of constructing irrigation works in promising locations, should be avoided by the ordinary investor. It is practically certain that

shrewd promoters and impractical enthusiasts will take advantage of the present popularity of irrigation issues by marketing construction securities based on a strip of desert and a vision of possibilities. The public will lose in most of these highly speculative ventures.

When the public shows a special appetite for a certain class of securities it is a good time to investigate every such offering with redoubled care. From the South Sea bubble down to the present English rubber craze, this rule has held good. Apply it to irrigation bonds.

Discrimination against ill-considered projects, however, does not imply any doubt as to the better class of irrigation securities. These are being bought by the shrewdest investors and by some of the strongest banks and trust companies. The subject is conservatively summarized by Ira W. McConnell, a leading irrigation engineer:

"The supply of agricultural lands available for settlement is largely exhausted and rapidly disappearing. Lands included in properly developed irrigation areas are liable to minimum risks from natural causes, and crops are not only more bounteous, but are also of the finest quality. This is particularly true of fruits and vegetables. As the largest and most profitable crops can be produced from irrigated lands, the rise of these lands to values proportionate to their earning capacity is assured during the next generation. The rapid increase in population, and the resultant demand for farm products of all kinds, will tend to increase the price of all agricultural lands. Irrigated lands will share in this increase in greater degree, because of their climatic and income-producing superiority. Consequently securities based on actual costs of development, or on present values of irrigated lands, may properly be considered as belonging in the class of exceptionally desirable investments."

The Kicker

The Kicker is an evil that we fain would see suppressed,
He's an omnipresent nuisance hard to bear;
If he had but good excuses for his antics thus expressed,
Perhaps we wouldn't overmuchly care.

He is found in all his glory as he comes upon the "Street,"
Where a hundred things he finds to criticise;
And his banker or his broker longs to beat a quick retreat,
As they see his nether limb about to rise.

No matter how expertly the broker sells his stock,
He kicks because the next quotation's higher;
And when in turn he buys, there will come another knock
Should the market slump an eighth to raise his ire.

He kicks to have a ticker for his sole and private use,
"Far from the madding crowd" he so disdains;
When he fails to get attention, then the office gets abuse,
For in language streaked with blue he loud complains.

As the money market stiffens, and it's hard to get a loan,
He kicks because the interest rate is raised;
And he pesters clerk and partners for a rebate on his own
Till he has the office outfit fairly crazed.

"Only kickers in this world get what they want," 'tis said,—
If they got what they deserve, 'twixt you and me,
Their last remaining kick should come, when they were nearly dead,
Suspended by a rope hitched to a tree!

—*F. W. B., in Boston News Bureau.*

Studies in Stock Speculation

By ROLLO TAPE

Author of "Studies in Tape Reading."

VI—The Logic of the Speculative Game

JANUARY'S twenty point decline in the leading stocks marked the culmination of a bull market which began in the panic of 1907, and lasted over two years—from November, 1907, to December, 1909. To one familiar with the events during this time and able to see beneath the surface of the various happenings, the period stands out in bold relief as an example of the speculative game as played by both insiders and the public.

When, during the panic, banks were tumbling, currency was at a premium, and Wall Street was crowded with an excited throng, there were two kinds of buying on the stock market: Mr. Morgan and Mr. Rockefeller were giving unlimited orders to buy Steel common and other stocks, while a vast company of new investors were absorbing miscellaneous issues in small lots and at a rapid rate.

Who did the selling during the panic? Those who loaded up on margin during 1905 and 1906, those who overtraded and failed to limit their losses; those who would not or could not pay for their stocks outright.

Mr. Morgan had been liquidating for two years prior to the panic and was long of money. Mr. Harriman, after placing Union Pacific on a 10 per cent. dividend basis in 1906, sold out the last of his speculative holdings at 185. Other people were responsible for the subsequent advance to 195⅜—people who bought on margin and who thought, because of its dividends and earnings that the stock would never see 150 again.

But Mr. Harriman cleaned up fifteen million dollars profit and had his purchase money loose besides. Did he buy something else at the same level of prices? No. He also stayed long of money.

H. H. Rogers, on the other hand, was carrying a heavy line of securities, and had attempted, single handed, to build a railroad down in Virginia. Mr. Rogers was overtrading. The panic caught him short of cash, and he was forced to liquidate heavily and borrow at usurious rates. So, instead of being able to take advantage of the bargains offered in the panic, Mr. Rogers was struggling to keep his head above water.

The tide was finally turned when insiders and the public joined hands and poured their money into Wall Street in exchange for securities, the absorption process continuing throughout several subsequent months. Steel worked up to 30, then 40. Union Pacific to 120, then 130. Stocks were still cheap and money was easy because general business was at a standstill.

The situation gradually healed. Stocks continued to rise. Insiders sat tight, but the new public, with profits of ten, twenty and thirty points, began to feel the exhilaration and overconfidence generated by their paper successes. With Steel at 50, the buyer at 25 had doubled his money! Why not buy as much more, using one's original holdings as additional margin?

Another ten point advance, more profits, enlarged commitments on the part of the public, whose position now begins to spread out like a fan. The ten share cash buyer of panic times has become the hundred share margin speculator with paper profits of two or three thousand dollars. In the summer of 1907 he knew nothing of the game; by the summer of 1908 he is wise to all the tricks and discusses "the situation" with the air of a financier, so when 1909 rolls

around he is past master of the business, with a line of five hundred to one thousand shares and margins of $5,000 to $20,000. All his capital and that of his wife, family or friends is now fully employed and he is doing the spread-eagle all over the list.

Meanwhile Mr. Morgan is increasing dividends on Steel to a 3 per cent. basis, with promise of more. Proposed listing in Paris brings a French syndicate into the market. Their purchases are a fresh market stimulant.

Reading is advanced to above 170 and, as if to justify the price, is placed on a 6 per cent. basis. Pennsylvania and New York Central cut melons. Atchison also increases its dividend to 6 per cent.

Mr. Harriman, knowing that he is about to die, spreads before Morgan and the Standard Oil party his plan for a segregation of Union Pacific assets. Mr. Harriman is in Europe. The gang on this side are quick to see their opportunity. A bull pool is formed in Union Pacific and the stock boosted to 219. Mr. Harriman sells his Union Pacific while the excitement is at its height and a few weeks later dies without a share of it.

Subsequently Mr. Morgan runs Steel common to 94⅞, amid vague rumors of melons and increased dividends. Those who sold Steel at 50, 60 and 70 climb for it above 90 in the certainty that the stock will sell at 125. Inside holdings are liquidated and the surprised public at last awakes to find itself holding the bag. Steel breaks twenty points, Union Pacific forty, Reading twenty, others in proportion. The bull market is temporarily, perhaps permanently, over, and the public's two years profits are swept away in a month.

The logic of the game is easily grasped. Insiders are manufacturers of securities. They create corporations, sell the shares, and take their profits. Should circumstances bring the price of these shares down below what they regard as intrinsic or prospective value, they buy back these shares in immense quantities and hold them until price again comes up to value.

These operations are made possible by the contrary action of the public. A new public is constantly being attracted to the market, coming in greatest numbers at the extreme tops and bottoms of the long swings. While outside speculators who came in during the boom of 1905 and 1906 were liquidating (during the panic of 1907), a new public entered the market, attracted by the unquestioned bargains. Those who were liquidating sold perhaps one hundred shares for every twenty shares bought by the newcomers. The balance, eighty shares, were bought by insiders.

When the apex of the recent bull market was reached, those who in 1907 were novices were pyramiding with their profits and fresh recruits from the public were buying a small percentage. The ratio is estimated to have been as follows:

The old public bought.	80%
The new public bought.	20%
Insiders sold	100%

And so it goes on, through recurrent cycles,* an endless procession of people coming into the market in panics, making money, pyramiding, growing absolutely reckless, and finally losing both capital and profits.

Take any given critical point in the market and compare the public's point of view with that of the insider.

You see, the insider looks a long way ahead. He has the advantage of capital, knowledge and experience. To be sure, he gets his information from sources not open to the average person, but in the main it is his foresight that enables him to win.

The outsider, on the contrary, judges by present conditions. He thinks he is speculating, but he is not, for to speculate is to anticipate.

The public trades on what *is;* the insider on what is *going to be.* That is why one wins and the other loses.

Now, the lesson we derive from this is plain: We must act *now* on what we judge is likely to follow. We must cultivate foresight, not hindsight.

*** I do not think it necessary for me to cover, in this series, the underlying causes of these cycles, the subject having been so thoroughly canvassed in Burton's "Crises," Hall's "How Money is Made in Security Investments," and Babson's "Business Barometers."**

Critical Point	The Outsider Reasons	The Insider Reasons
1901. Organization of Steel Corporation.	This stock is paying 4 per cent., therefore it is cheap. I'll buy it.	This is a new and untried enterprise, I'll take my profit.
1903. Collapse of Steel Common.	Dividends have ceased. The stock is down to 10. It may go into a receiver's hands. I'll sell out and save what I can.	The water is squeezed out. I believe in the future of the steel industry even if reorganization is necessary. I'll buy.
1906. Steel resumes dividends and sells at 50.	This stock must be going higher. See how dividends are increasing. It's a safe purchase now.	I have 400 per cent. profit. It's a good time to sell when dividends are liberally distributed.
Panic of 1907, Steel 22.	Everything is going to ruin. Steel will have to pass its dividends. I had to sell mine at 30. I wouldn't dare buy it now even if I had the money.	The company is on a sound basis. Nothing can shake it in the long run. It may never see this price again. It's good to buy and hold.
Boom of 1909, Steel 94.	Increased its dividend to 4 per cent. Next time it will pay 5 per cent. or maybe 6 per cent. I hear it will sell at 125. Buy me 200 shares.	Pretty good price for a 4 per cent. stock. These dividend increases help to make a market for me to sell on. Guess I'll pass it out.

OUR POSITION IN THE BIG SWING.

No matter what method it is proposed to follow, one should have clearly in mind his present position in relation to the big swings. In the March TICKER (p. 234) was printed a trend chart showing the principal swings of the market since 1898.

We present herewith a form of chart which gives a detailed and condensed view of the last great decline (December, 1906, to November, 1907), the subsequent bull market, culminating in August, 1909, the distribution from August till December and the decline up to the end of January, 1910.

This chart* is very easy to compile and requires very little atttention to keep up to date. Each perpendicular line represents one whole week's movements, the top of the line being the average of the highest prices reached by ten railroad stocks during the week, and the bottom the average of the lowest prices touched during the week. The same idea may be used for the daily or monthly movements, if desired.

Stocks used are Atchison, St. Paul, Erie, Illinois Central, Louisville & Nashville, Missouri Pacific, N. Y. Central, Union Pacific and Baltimore & Ohio.

It is a good idea to keep this weekly trend chart in addition to the one which shows the daily trend. Each chart is confirmatory and throws new light upon market problems.

The weekly chart shows that it took about five months—November, 1907, to April, 1908—to complete the accumulation of stocks after the 1907 panic. From that time until January, 1909, there were no indications of distribution. Here it seems likely that a certain amount of inside selling took place.

In March, 1909, the selling pressure apparently ceased, as indicated by the

* Compiled by F. N. Goldsmith and reprinted by permission.

Weekly Trend Chart

exceptionally short lines around March 1st, described by Mr. Tubbs in his article, "A Sign of Bull Moves" (TICKER, Vol. 5, No. 2), and recognized by all students of stock market phenomena, as forecasting a further rise.

Thereafter the advance continues uninterruptedly until the tremendous upheaval in August, 1909, followed by Mr. Harriman's death and the accompanying decline. The high level is never again reached; instead we see a series of lowering tops and bottoms strung out horizontally over the widest space since 1907-8—five months of distribution.

The January and February decline followed as a matter of course. Bull markets are always followed by bear markets, and the thing to do is to watch out for what is coming *next*.

Get your position in the grand swing. Decide which of the following positions the market now stands:

1. An advance in a bull market.
2. A reaction in a bull market.
3. A decline in a bear market.
4. A rally in a bear market.
5. A period of accumulation.
6. A period of distribution.
7. The top of a boom.
8. The bottom of a decline.
9. A waiting period.

The market is *always* in *one* of these positions and success lies in determining *which.*

In the next issue Rollo Tape will show methods of locating the position of the market in the grand swing of prices.

Mining Investments

Returns to be Expected and Dangers to be Avoided

By JOHN HAYS HAMMOND *

IN a discussion of mining investments it is all important at the outset to distinguish clearly between the two general classes of mining properties—prospects and mines.

By the term prospect the miner designates ore bodies only partially explored or developed. Obviously, investments in this class of mining are always of a speculative character and for this reason are often referred to as "mining gambles." The capital required to purchase and develop a prospect is, of course, much less than that required for the purchase of a developed mine and the installation of the mining and reduction plant necessary for its exploration.

While financial loss in each particular case of failure in investments of this character is smaller, the losses are, nevertheless, more frequent because of the inherent risks involved compared with those of developed mines. In the event, however, of a fortunate selection of a good prospect, the result of subsequent development work may transform that prospect into a paying mine, and then the ratio of profits realized to capital invested becomes far greater than in the case of properties already developed.

In other words, one may, if he be of a sanguine disposition, not unreasonably hope for—mind you, I do not say expect—a return of profits amounting to many times his investment in ventures of this kind; while, on the other hand, the most optimistic investor would not be justified in entertaining hopes—far less expectations—of such large profits from his more conservative investment in developed mining properties.

Mining investments differ in one very

*Extracts from a lecture delivered before the Finance Forum.

important particular from those of nearly every other kind; that is, the comparatively short life—the instability of the investment. It is, indeed, because of this feature that the rate of dividends in mining should be higher than in other investments rather than because of the relative degree of risk involved.

While it may be stated, broadly speaking, that whatever risks there may be in mining as to the uncertainty of the extent and persistency of the payable ore bodies in the depth, the risks are, nevertheless, not greater in the majority of mining operations, than those that appertain to many other kinds of commercial investments where indeterminate factors likewise obtain. Especially is this true where commercial investments are liable to be affected by variable conditions. There are, on the other hand, many distinctly advantageous economic features in the exploitation of mining properties that one does not find in other classes of investments, and this is especially true as regards gold mining.

The rate of interest that one should usually expect in mining investments depends, primarily, upon the safety of the investment and upon its life or stability. In many mines, persistency of the ore-deposits, and, therefore, the reliability of the mines as dividend-payers, justifies the investment upon a basis in some instances as low as eight per cent. dividends, to which, of course, must be added a certain percentage to provide for the amortization of the capital. Generally speaking, however, investments in mining securities are not to be regarded as attractive unless they return from ten to fifteen per cent. in dividends.

I wish to strongly impress upon investors the wisdom of clearly realizing the fact that mines have a short life compared with that of other investments, and for this reason to urge the investor to set aside a part of the profits, figuratively speaking, at least, as a sinking fund to provide for the return of the original investment before the mine is worked out. That is to say, "to realize that one cannot have his cake and eat it too." What remains to be applied to dividends after providing such a sinking fund is the real touchstone by which the attractiveness of the investment must be determined.

It must also be borne in mind that the cost of the plant must likewise be amortized, because mining and milling plants, after the mine has been worked out, have usually very little market value.

Now I wish to give you a few words of admonition under the caption "Don'ts":

First—Don't invest your money in a mining property simply because of the fact that a friend of yours (even if he be a blood relation) became rich through a fortunate investment made in mining stock.

Second—Don't, on the other hand, be deterred from investing in a mining property because another less fortunate friend became bankrupt through some other mining investment.

Third—Don't allow any insinuating, slick, dishonest, not to employ the short and uglier word, promoter, or so-called stock broker, to overcome your natural modesty and convince you that, because you have been successful in your own line of business, that you yourself are competent to determine the value of a mine. Many men of business ability in their own lines have made trips of self-deception to see for themselves that which existed only in their imagination. "Shoemaker, stick to your last!"

Fourth—Don't be influenced in your desire to purchase mining stock by the rich specimens that the mines have produced, even though you yourself have seen such specimens in the mine. Specimen rock of this kind is no criterion of the average grade of the ore upon which the success of the mine depends. I remember the story of old John Cashweiler, a well-known mining capitalist of his day, when he was asked his opinion on the value of a property from which very rich specimens of ore were shown him. "You might as well show me the hair from the tail of a horse," said Cashweiler, "and then ask me how fast the horse can trot."

Fifth—Do not buy stock in a mine because it has produced a profit of millions of dollars in the past, for the mine

is obviously so much poorer for the millions already abstracted.

Sixth—Do not buy stock in a mine solely because it is in a far-off country, even though distance lends enchantment to the view.

Seventh—Don't buy stock in a mining company simply because of the fact that it adjoins another mine of great value. That may be interesting, but it is not conclusive to the value of the mine in question.

Eighth—Above all, don't buy shares in a mine unless you have the unqualifiedly favorable report made by a mining expert of integrity, ability and experience, and one who has made a success in the investment of money for his clients. An engineer may have the best obtainable technical training, supplemented by considerable practical experience, and yet lack the certain qualifications in his professional make-up that determine success or failure.

Ninth—Don't buy stock in a mine unless you are sure that the board of directors are honest and competent, because good management is just as essential to success in mining as it is in other enterprises. In the early days of mining in the Transvaal, the ignorance of the boards of directors of mining companies was indeed lamentable, though sometimes comical. A well authenticated story is told of a certain board of directors in London, to whom the manager had cabled, telling them of the necessity of having another mining shaft upon the property, as the old one was out of repair and dangerous. They cabled in reply to the manager to endeavor to find a second-hand one.

Tenth—In short, don't abandon all your good common sense just because the investment happens to be in mining and not in some other class of industrial securities.

While in these remarks I have held out to you the red flag of danger, nevertheless when the track is clear and in good condition I have great faith in the safety of mining investments. Indeed, speaking with a proper appreciation of the importance of the statement, I have no hesitancy in expressing the opinion that, conducted upon the right basis when extended over many operations, there is no business with which I am familiar that offers such attractive and at the same time such safe investments as the mining industry.

You have all, probably, heard Mark Twain's definition of a mine as "a hole in the ground owned by a liar," but a fair definition, I believe, is "a hole in the ground sold by a lying promotor to a stupid investor."

The prospector is above all others the real pioneer of civilization, antedating the missionary and the railroad surveyor, and it is his discoveries that have given the life blood to modern industry. Finally, if you have not been successful, blame not the honest miner or the industry because of the fact that you have not used good business sense and discrimination in your mining investments.

POINTERS BY PATTEN

Chips from the experience of the man who is retiring with $20,000,000.

"IT is harder to keep your money than to make it."

"To be happy with money you must own your money, not let your money own you."

"This much I advise from my own experience—I never buy anything I cannot sell to any man."

"When I was a small lad at school I took a deep interest in the rule of three. Every problem I have ever solved in after life was founded on that rule."

"In speculation three things are necessary, nerve, judgment and money. The first is the most important and the second is essential, but as for money —well, you can make a fortune and succeed in life if only you have nerve and judgment. You can get the money."

"I have often been asked why I went into the speculative field of cotton. The answer is—judgment. I figured out supply and demand, conditions here and there and prospects now and for the future. You know the result. Wasn't that a matter of judgment?"

"I'll tell you exactly how I do it. I play the whole thing just like a game of chess. After I lay the board before me I ponder over each figure before I make a move. Exercising judgment at every play, I have found that success has attended my efforts."

"I never invest in flats; neither do I deal in mortgages. My advice to young men would be—never buy and own your home—that is, unless you have a fortune. It's a luxury that ties up many bright and energetic young men."

"The word 'speculation' to most students of reform seems to carry alarm. In the reformer's mind speculation and gambling are identical. In my opinion there is a world of difference. In gambling, judgment never enters into the play. Any child, any person, sane or insane, can win at roulette as often as anyone else. That is gambling. Speculation is a question of judgment."

The Investor and the Insider

By FREDERIC NORRIS GOLDSMITH*

It is as certain as anything can be that the great swings in the market are forced by manipulation, over-enthusiasm at the top and undue mental depression at the bottom, and that the average list of stocks is almost always selling either far above or far below true investment values.

With the aid of my "Trend Chart," which appeared on page 234, March TICKER, and explanatory figures herewith, I hope to make this so clear that every investor may understand the present situation at a glance and may be able to determine for himself at what level of values it is safe for him to invest his money, not only for dividends but also for prospective increase in selling value.

Each little dot on the Trend Chart shows the successive week end average closing price of twelve active stocks since August, 1896, which was the lowest point reached in the last twenty years.

Attention is called to the enormous swings up and down since 1900, due to manipulation. Also note carefully the evident distribution at the 1902, 1906 and 1909 tops, and the inside accumulation, lasting for months, so plainly shown in the panics of 1903 and 1907.

I believe that this "picture" of the market will impress one at once with the accuracy of the statement made above, that stocks are almost always selling either far above or far below their actual investment value, and a careful study of the figures submitted below should give us a pretty good idea of what that investment value really is, and at what average level it is safe to begin buying stocks for "a long pull."

Although it has taken fifteen years to prepare the Chart, the deductions to be drawn from it are extremely simple and perfectly plain. At the top prices of 1902, 1906 and 1909 the average list of stocks shown were paying the investor only from 3¼ to 3¾ per cent. on his money.

In the panics of 1903 and 1907 the same stocks were paying the investor from 4¾ to 6½ per cent. on his money.

Now let us look at it from the standpoint of the investor. A savings bank will pay him 4 per cent. on deposits, and he takes no risk of any such tremendous depreciation as is shown by the great declines in the stock market in 1903 and 1907.

Good real estate mortgages can be had paying 5 per cent., also not subject to depreciation. Why, then, should any investor place his capital in the stock market when it returns him only 3¼ to 3¾ per cent., and at levels that past experience during the last eight years have shown to be tops for enormous declines?

One thing stands out so boldly that no one can possibly fail to see it, if you study the Chart, and that is that the insiders have not invested their surplus in stocks on a 3 to 4 per cent. basis, but have invariably sold out to a too confiding public, and have replaced their holdings when stocks returned 5 per cent. or better.

If you are an investor you may say that you can always find some stock that is paying 5 per cent. on its selling price, and that is no doubt correct, but at the same time, if the average market is ready for a downward movement, be sure that your special stock will be forced down with the others, so that if you had kept out of it until such a time as the whole list was crashing down, you would have probably been able to buy at a price where it would net you 10 per cent. on its price instead of 5.

Therefore, past experience, as shown by daily records kept for over twenty

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years, has shown that it does not pay to make any investment for a long pull until the average list of stocks shows an investment return of about 5 per cent. or better.

At present prices the list returns only 4 per cent. on the investment, and will not return 4¾ per cent. unless they drop an average of twenty points.

using the increased dividend on Union Pacific as an excuse, the manipulators forced a quick twenty point rise in the market, lasting about six weeks, and then sold out all their holdings in the six months from August to December, 1906, during which time the market was held within a range of only five points from the top.

Net Return on Investments at Top and Bottom of Long Swings.

	High 1902.	Low 1903.	Div. %	High 1906.	Low 1907.	Div. %	High 1909.	Feb. 25 1910.	Div. %
Atchison	96	54	4	110	66	5	125	117	6
Paul	199	133	7	199	93	7	165	148	7
Nor. West.	271	153	7	241	126	7	198	158	7
D., L. & W........	297	230	7	560	389	20	630	590	20
Erie	44	23	0	51	12	0	39	30	0
Ill. Cent.	173	125	6	184	116	7	162	143	7
Louisville	159	95	5	156	85	6	162	155	7
Mo. Pac.	125	86	5	107	44	5	77	71	0
N. Y. C...........	169	112	5	156	89	6	148	123	5
Penna.	170	110	6	147	104	7	151	134	6
Un. Pac.	113	86	4	195	100	10	219	188	10
West. Union	97	80	5	94	54	5	85	75	3
12)	1,913	1,287	61	2,200	1,278	85	2,161	1,932	78
	159	107	5	183	106	7	180	161	6½

1902 high average 159, paying 5 per cent., equals 3.14 per cent. on investment.
1903 low average 107, paying 5 per cent., equals 4.67 per cent. on investment.
1906 high average 183, paying 7 per cent., equals 3.80 per cent. on investment.
1907 low average 106, paying 7 per cent., equals 6.54 per cent. on investment.
1909 high average 180, paying 6½ per cent., equals 3.60 per cent. on investment.
March 7 average 162, paying 6½ per cent., equals 4 per cent. on investment.

This article is not intended to forecast an immediate drop of twenty points, although such a decline after the great distribution since August, 1909, is quite possible.

As previously stated, the market swings are made by manipulation, not by outside investment buying or by values, and any time the insiders want to force a temporary advance of 15 or 20 points it is a simple matter for them to do so.

As an illustration of such a possibility, observe the movement from May, 1906, to August, 1906.

Real distribution had been going on for six months previous to that rise, but,

In conclusion, the writer does not believe that the insiders will start a permanent bull movement as long as stocks return only savings bank interest or around 4 per cent.

Bull movements that last only begin from levels where stocks sell for less than their investment value, and from a level where they can be swung up 30 to 80 points. Such a movement, starting from present levels, would force stocks up to a point where they would return only 2 per cent. on the investment, and it will be some time yet before "rails" will be worth as much as Government bonds.

Bird's Eye Views

By G. C. SELDEN

VII.—The Texas Pacific Land Trust.

Studies of Value Based on a Broad Survey of Conditions

LAND hunger, an old story in Europe, is a recent development in America.

Until within a comparatively few years valuable free homesteads have been still available for those who were willing to undergo the hardships of pioneering. Now, practically all the homestead land which is good enough and accessible enough to enable the farmer to make a living has been taken up.

The settlement of far northern territory in Canada, of low and formerly considered undesirable lands in Florida, of distant sections of Mexico; extensive projects for the draining of swamps and the irrigating of deserts, the rapid rise of "dry farming" in the western prairies—these are plain indications that the pressure of population is beginning to be felt even in a country of such wide extent and enormous resources as the United States.

This growing demand for land, especially in connnection with dry farming and irrigation, is bringing to the attention of thoughtful investors the certificates of practically the only enterprise which now owns a large concentrated holding of land, which it offers for sale or lease to the farmer or the miner—the Texas Pacific Land Trust.

THE TEXAS PACIFIC GRANT.

When the Texas Pacific Railroad was built it received a large grant of land in the western part of the State. For several years this land was extensively advertised by the railroad, and the company had in its service about 150 emmigrant and land agents. Semi-monthly excursions were run from St. Louis, and every effort was made to induce settlers to locate along the line of the road.

Owing to severe droughts in 1886 and 1887, all immigration into western Texas came to a standstill. The railroad concluded that its land would have to be marketed more gradually, and that much of it might have to be held for years before it could be sold. For this reason the Texas Pacific Land Trust was created and nearly all the lands conveyed to that organization.

This trust took over 3,451,000 acres of land, which had been granted to the railroad company. Subsequently the trust secured from the State 17,000 acres additional and surrendered to the State 256,000 acres. This left a holding of 3,-212,000 acres, nine-tenths of which was west of Brazos River, in a region where a crop could not be depended upon every year, owing to scarcity of rainfall. Of course dry farming was then unknown, and irrigation was unimportant. Moreover, the settlers were, as a rule, too poor to stand even the loss of a single crop by drought. The location of the principal part of this land is shown on the accompanying map.

CHARACTER OF THE LANDS.

In their annual report for the year 1888 the trustees outlined the character of the land as follows:

"Between the Brazos and Colorado rivers the rain-fall is generally sufficient, though drouths of longer or shorter duration set in and reduce the farmers' income.

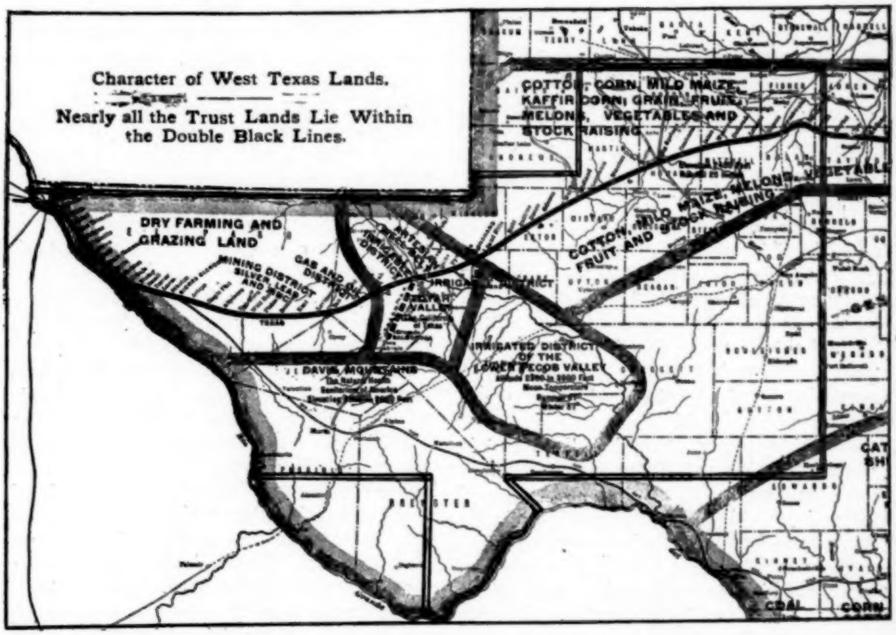
"Between the Colorado and Pecos rivers is a region of elevated table lands from 2,000 to 3,000 feet above sea level, known as the 'Staked Plain' country. It affords excellent water in abundance, and fine pasturage. Its soils are rich and deep, and altogether it is a country of great natural beauty. Stockmen, wool-

growers and farmers have settled in considerable numbers. Live stock of every description thrive and remain in better physical condition in all kinds of weather than in any other part of the State, and had the prices of live stock and wool been reasonable during the past two years, considerable money would have been made, notwithstanding the drouth. The experience of the farmers has not been quite so satisfactory. The rainfall, so far as quantity is concerned, is equal to that of other portions of the State, but taking a number of years in succession, the precipitation is too irregular to insure profit to the settlers who depend upon farming, pure and simple.

"Between the Pecos and Rio Grande rivers the rain-fall varies annually from 12 to 17 inches, which is insufficient for agricultural purposes. All farming is dependent on irrigation. Along the Rio Grande a very large acreage is thus under cultivation.

"A thorough examination of nearly all the 'Diggings' brought to light the fact that there was nothing that could be properly called a mine on any of the lands owned by you. Your mineral properties, other than coal lands, are principally in El Paso county."

Some 10,000 acres in Palo Pinto and Stephens counties were found to be underlaid with bituminous coal. For these lands an offer of $10 an acre was refused in 1890. A deposit of rock salt, and low grade ores of silver, copper and lead were also located.



PROGRESS OF THE TRUST PROPERTY.

The low prices of 1893-6, with several bad droughts, spread the belief that general farming would always be a hazardous business in western Texas, and irrigation was looked upon as the only hope. As a result the rental price of State lands for grazing purposes was reduced from four cents to three cents an acre, and the price of State lands for sale was lowered from $2 to $1 an acre. The Texas Land Trust did not attempt to meet these prices, and in 1897 less than 46 per cent. of the trust lands were under lease.

Year by year lands were being sold on instalment contracts. Cancellations of such sales were discouraged, and every leniency was shown purchasers, as the company was naturally anxious to have its lands settled and to encourage the movement of population toward western Texas. Nevertheless many such contracts were cancelled and the amount paid in was forfeited by the settlers. For the year 1898 such forfeits amounted to $40,000.

At the close of 1900 the amount of land under lease had risen to 78 per cent. By 1905 this per cent. had reached 85, in spite of large sales of lands previously under lease, and in 1909 the figure remained nearly the same.

Receipts on new sales were the largest in 1905—$239,000. The banner year for total collections was 1909—$487,000.

In the meantime dry farming was coming into more and more general use. The 1908 report says in regard to western Texas:

"The very great change that has taken place in that section of the State within the last few years, can hardly be traced to increase of rainfall, but rather to the quite general adoption of the so-called 'Campbell' or 'Dry System,' of farming that has proven so successful in recent years in certain sections of country regarded as semi-arid.

"Much of the country has been and is being transformed from a section devoted entirely to cattle raising to one of general or mixed farming. The large cattle ranches are being cut up into smaller ranches and farms at a surprisingly rapid rate. Should a protracted drouth occur, and should the same extend over more than one season, the effect on that section would, as a matter of course, be serious and further settlement by farmers more or less interrupted or interfered with."

During 1909 the entire State experienced a general and long-continued drought, yet this did not discourage immigration. Says the 1909 report:

"Texas received a large immigration during the year 1909, made up generally of well-to-do people from the older States, with means sufficient to enable them to make a fairly good start in a new undeveloped country. The increase from this source in the population of the State, it is estimated, amounted in 1909, and has for several years past, been at the rate of 75,000 people per year. The large proportion of these people have located in the northwestern, middle west and southern or southwestern portions of the State, sections that have not until within very recent years attracted any considerable population."

PRESENT FINANCIAL POSITION.

In 1888 the company issued $10,370,000 par value of certificates against 3,212,000 acres of land. Proceeds from sales, rentals and forfeits have been applied yearly to the purchase of the certificates in the open market, with the result that only $5,285,000 par value of certificates remain outstanding, while the lands owned still aggregate 2,393,000 acres.

In other words, the land was capitalized at $3.23 an acre in 1888, and at $2.21 an acre in 1909. As all Texas land has increased enormously in value during that period, and is likely to continue increasing, the strong position of the certificates is at once evident.

Another question, however, enters into the situation. Are the remaining lands as valuable as those which have been sold? The trust does not even estimate the value of its lands, but we may draw some conclusions by indirect methods.

East of the Pecos river most of the land is farming land; west of the Pecos it is grazing, mining, irrigated or desert land. Let us take that river as a dividing line.

The first annual report showing acreage in each county was that for 1894. The following comparison is of interest:

	1894.	1909.
Acreage east of the Pecos.	1,348,000	665,000
Acreage west of the Pecos.	1,900,000	1,728,000
	3,248,000	2,393,000

It will be seen that the land sold during the fifteen years has been nearly all east of the Pecos.

But even if we assume that the 1,728,000 acres of land west of the Pecos are valueless, we find that the retirement of the trust certificates has nearly kept pace

with the sales of land east of that river:

	1894.	1909.
Acreage east of Pecos.	1,348,000	665,000
Total trust certficates..	$9,230,000	$5,285,000

That is, each trust certificate still represents practically the same number of acres east of the Pecos as it did fifteen years ago, leaving the lands west of the river entirely out of account.

LANDS WEST OF THE PECOS RIVER.

In point of fact, however, the 1,728,000 acres of land now owned west of the Pecos is doubtless more valuable in the aggregate than the 665,000 acres owned east of the river.

In the report for 1901 taxes were itemized for each county. These figures help us in estimating the value of the land:

Taxation in 1901.

	Acreage.	Taxes.
East of Pecos..........	1,080,000	$12,233.00
West of Pecos..........	1,899,000	12,153.00

This makes the tax per acre 1.1 cents east of the river, and 0.6 cents west of it. That is, in the opinion of the tax assessors, the lands west of the Pecos were worth in 1901 a little over half as much per acre as the lands east of the river.

If we assume that the *relative* value of the lands remains approximately the same in 1909, the whole acreage of land now owned west of the Pecos would be worth about one and a half times as much in the aggregate as the land owned east of the river.

It is impossible to form any estimate of the future value of the mineral lands in El Paso county. The policy of the company has been to hold these lands, leasing them when opportunity offers. It is probable that improved methods of working low grade ores may eventually make these properties a very important part of the assets of the trust.

INCREASE IN VALUE OF LAND PER ACRE.

The average price per acre for land sold has increased year by year. In 1900 the average was $2.37; in 1907, $5.01; in 1909, nearly the same, $4.91. These figures, however, do not adequately represent the increase in land values during this period, for the reason that the trust has naturally sold some of its best and most accessible farming lands first. The percentage of land sold in the semi-arid region west of the Pecos in recent years has been as follows:

1900.........	0	per cent.
1901.........	0	" "
1902.........	2	" "
1903.........	20	" "
1904.........	0	" "
1905.........	0	" "
1906.........	21	" "
1907.........	52	" "
1908.........	15	" "
1909.........	55	" "

The average price of $2.37 per acre made in 1900 was based entirely on lands in the farming section of Texas, while in the average of $4.91 for 1909, is included 55 per cent. of the semi-arid lands west of the Pecos.

FUTURE PROSPECTS.

The reader who has followed the above outline has already perceived that the Texas Pacific Land Trust is just coming into its own, after years of patient waiting. This is shown plainly enough in the price of the certificates. After selling at 5 in 1896, and again in 1898, the price crept up year by year to 93⅞ in 1909. True, no interest has so far been paid, as all income has been applied to the retirement of outstanding certificates by purchase in the market; but the profit for early purchasers has been considerably greater than ordinary interest rates.

If the policy of retiring the certificates continues, the last certificates outstanding will evidently become exceedingly valuable. It is natural to suppose, however, that a partial distribution of profits will be made when the certificates reach a high price and become difficult to buy. Some of the mineral lands may perhaps be held permanently, making the company more and more of a mining proposition as the years pass.

Taking everything into consideration, the certificates look like safe property to own, with possibilities of large profits.

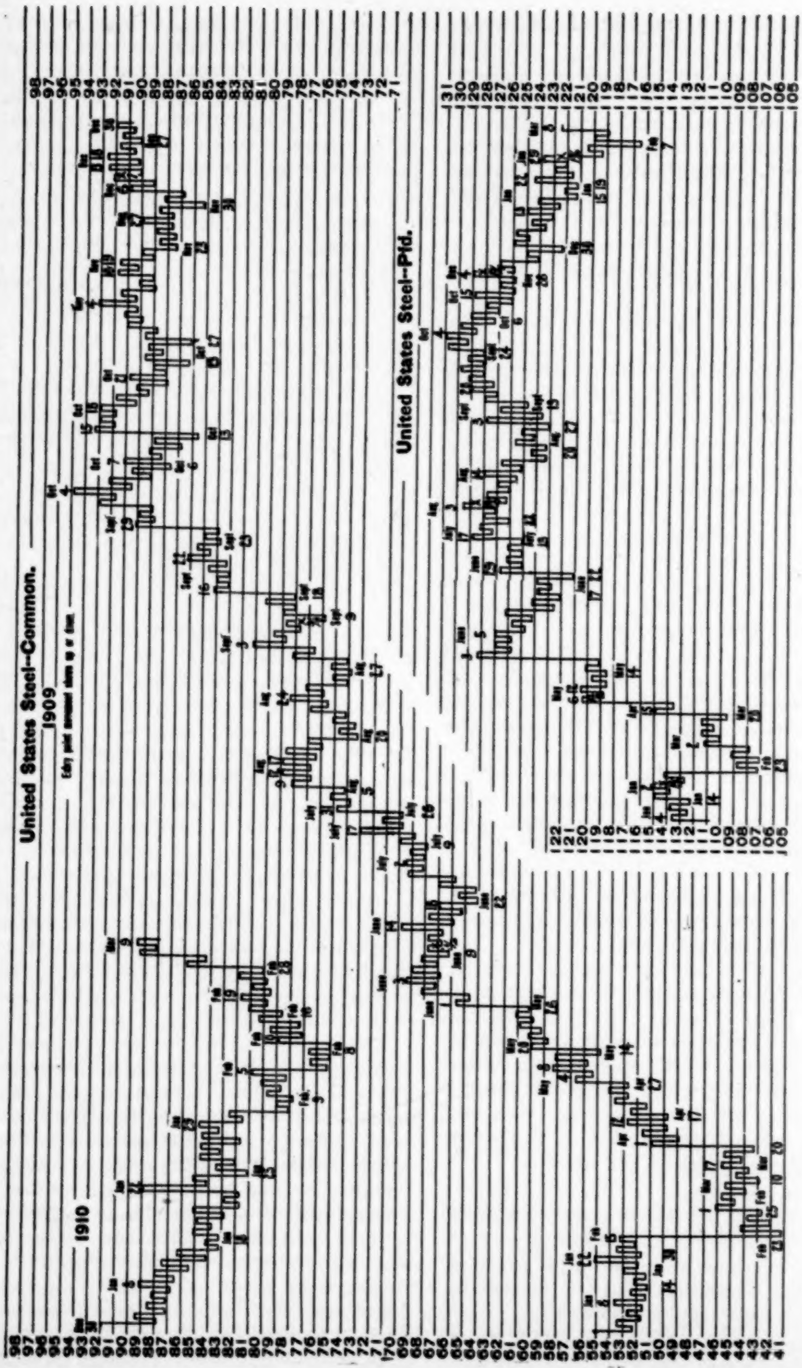


Chart of U. S. Steel Common and Preferred, Jan., 1909, to Mar., 1910

The Bargain Indicator

New Reports on Several Industrials

NOTE.—Except where otherwise noted, earnings are herein computed for the *twelve latest* months available, thus keeping the table constantly up-to-date. Additions and betterments are included in the earnings as given, wherever they are so reported as to be distinguishable from ordinary expenses of maintenance, since earnings invested in the improvement of the property are usually of more value to the stockholders in the long run than if they had been distributed as dividends. Such additions and betterments out of current earnings increase the equity of the stockholders and therefore render the stock more valuable.

As this magazine is mailed to subscribers two or three days before it appears on the news-stands, subscribers get the first advantage of the Bargain Indicator.

Railroads

DETROIT **United** still heads the list, if appropriations for reserves are counted as part of the earnings. This was more fully discussed in the Bargain Indicator last month.

Toledo, St. Louis & Western and **Buffalo, Rochester & Pittsburg** change places this month as a result of a continual increase in earnings by the latter road.

Brooklyn Rapid Transit has recently reported earnings for six months. Net earnings during that period have shown a large increase, owing to greater economy of operation, and equal about 3.5 per cent. for the half year. This showing causes B. R. T. to advance to eleventh place. It will easily maintain a good position in the list if recent economies can be successfully continued.

Atchison and several of the grangers show a falling off in net earnings recently as a result of bad weather and smaller movement of traffic. Probably these decreases will in most cases prove merely temporary.

Pennsylvania drops to twenty-third place because the percentage is figured on the increased capital stock, as a result of the conversion of bonds into stock.*

Northern Pacific drops a few places, owing to smaller earnings, for which weather conditions have been largely responsible.

Twin City Rapid Transit's annual report shows somewhat smaller earnings than last year, which affect the standing of the stock in the table.

New York Central loses several places, because of the increase in capital stock. The gross earnings of this road continue large, and the increase of the dividend to 6 per cent. is doubtless justified by future prospects.

Industrials

The annual reports of several companies cause a sharp change in their standing in the Bargain Indicator. Where authentic reports of the earnings of a company are obtainable only once a year, and where the business of the company is as irregular as that of many industrials, the stock is likely to move several places when such reports are received.

Pressed Steel Car, for example, shows heavy earnings for 1909 compared with very small earnings for 1908. The preferred is dropped from the table, as it is now both earning and paying the full dividend to which it is entitled. The common stock now shows earnings of 7.7 per cent. on par, thus advancing to third place.

Central Leather, for the same reason, takes fifth place in the table, and holders of the common stock feel that prospects for a dividend are excellent.

American Woolen preferred is dropped from the table because its earnings seem to insure continued dividends at the full rate, and the common, with earnings of 5.2 on par, takes eighth place.

American Smelting & Refining, on the other hand, as a result of the publication of earnings up to October 31st, 1909, drops a few places in the list.

Amalgamated Copper has made a full report to the Stock Exchange in connection with its application for listing. Analysis of this report shows that net earnings applicable to the stock for six months ending June 30, 1909, equaled about 3.6 per cent. annually. It is doubtful if there has been any material improvement in the earnings since that date. This is the first time that holders of Amalgamated Copper have ever received any definite information as to what the stock is earning.

Colorado Fuel & Iron preferred is dropped from the list, as sufficient attention has now been called to it, in view of the scarcity of this issue in the market.

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* As the Bargain Indicator is intended to aid in estimating future prices, we figure the percentage of earnings on the latest reports of the amount of stock outstanding. Of course, this does not agree with the annual reports of companies which have increased their stock, as in these reports earnings are figured on the capital stock on which dividends were actually paid.

THE BARGAIN

TABLE SHOWING WHICH STOCKS

RAILROADS

PRESENT EARNING POWER AS COMPARED WITH MARKET PRICE

Position.		Approximate earnings on par.	Price Mar. 11, '10.	Earnings on price.
1	Detroit United	10.4	64	16.2
2	Buffalo, Rochester & Pittsburg com	14.2	102	13.8
3	Toledo, St. Louis & Western com	(a) 6.2	46	13.4
4	Louisville & Nashville	17.8	153	11.6
5	Colorado & Southern com	6.7	63	10.6
6	Union Pacific com	19.9	189	10.5
7	Norfolk & Western com	10.7	102	10.5
8	Chesapeake & Ohio	8.9	86	10.3
9	Minneapolis, St. Paul & S. S. M. com	14.6	143	10.2
10	Kansas City Southern com	3.7	38	9.7
11	Brooklyn Rapid Transit	(g) 7.0	76	9.2
12	Atlantic Coast Line R. R.	12.1	132	9.2
13	Pittsburg, Cin., Chicago & St. Louis com	(b) 9.2	101	9.1
14	Southern Pacific com	11.6	130	8.8
15	Reading com	(d)14.1	168	8.4
16	Wabash pfd.	3.9	49	8.0
17	Atchison com.	(c) 9.1	117	7.8
18	Del., Lackawanna & Western	46.6	600	7.7
19	Canadian Pacific	13.2	180	7.5
20	N. Y., New Haven & Hartford	11.0	161	6.8
21	Great Northern pfd	9.4	137	6.7
22	Baltimore & Ohio com	7.5	113	6.6
23	Pennsylvania	(c) 8.9	137	6.5
24	Chicago & Alton com	3.8	59	6.4
25	Erie com.	(e) 1.9	31	6.1
26	Delaware & Hudson	10.9	177	6.1
27	Northern Pacific com	8.3	137	6.1
28	Twin City Rapid Transit com	6.5	114	5.7
29	Missouri, Kans. & Texas com	2.4	43	5.6
30	Southern Railway com	(e) 1.6	29	5.5
31	Cleve., C., C. & St. Louis com	4.8	90	5.3
32	N. Y., Ontario & Western	2.3	45	5.1
33	Chicago & Northwestern com	(c) 8.0	157	5.1
34	Denver & Rio Grande com	2.1	42	5.0
35	Illinois Central	7.2	143	5.0
36	New York Central	(c) 6.1	126	4.8
37	Missouri Pacific	2.8	71	3.9
38	Rock Island Co. com	(e) 1.6	50	3.2
39	Chicago, M. & St. Paul com	(c)(f) 4.0	146	2.7
40	Minneapolis & St. Louis pfd	1.7	74	2.3
41	Wisconsin Central com	0.4	55	0.7
42	St. Louis Southwestern com	(e) 0.1	29	0.4
43	Wabash com.	.0	22	.0
44	Duluth, South Shore & Atlantic pfd	.0	29	.0
45	Texas & Pacific	.0	31	.0
46	Minneapolis & St. Louis com	.0	43	.0
47	Iowa Central pfd	.0	46	.0

Preferred stocks earning more than dividends prescribed, but now receiving either no dividends or less than said limit:

1	Erie 2nd pfd	(e)17.0	39	43.6
2	Erie 1st pfd	9.7	51	19.0
3	St. Louis & S. F. 2nd pfd	10.4	56	18.6
4	Southern Ry. pfd	8.1	67	12.1
5	Rock Island Co. pfd	8.0	90	8.9
6	St. Louis Southwestern pfd	5.1	74	6.9

(a) Includes income from Alton divs. (b) Pref. and com. share equally after com. receives 5%. (c) On increased cap. stock. (d) Includes betterments on subsidiary companies. (e) After deducting pref. divs. (f) Includes earnings Puget Sound Ext. (g) Based on 6 mos. earnings.

INDICATOR

ARE THE BEST PURCHASES NOW

INDUSTRIALS, &c.

BASED ON LATEST OFFICIAL REPORTS

Pos.	Date of Report.		Approximate earnings on par.	Price Mar. 11, '10.	Earnings on price.
1	Dec. 31, 1909	U. S. Steel com	(a)16.8	88	19.1
2	Mar. 31, 1909	Amer. Beet Sugar com	7.0	39	17.9
3	Dec. 31, 1909	Pressed Steel Car com	7.7	45	17.1
4	June 30, 1909	Amer. Agricultural Chem. com	7.5	46	16.3
5	Dec. 31, 1909	Central Leather com	6.3	43	14.6
6	July 31, 1909	Amer. Linseed pfd	5.8	40	14.5
7	Dec. 31, 1909	Inter. Harvester com	13.0	92	14.1
8	Dec. 31, 1909	Amer. Woolen com	5.2	38	13.6
9	May 31, 1909	Va.-Carolina Chem. com	7.1	58	12.2
10		U. S. Realty & Improvement	(b) 9.2	77	11.9
11		Pacific Coast com	(b)12.1	115	10.5
12	Nov. 30, 1909	National Enameling & S. com	2.3	23	10.0
13	Nov. 30, 1909	Sloss-Sheffield com	(a) 7.6	81	9.4
14	Dec. 31, 1909	Amer. Can pfd	6.7	78	8.6
15	Dec. 31, 1909	Inter. Steam Pump com	3.6	47	7.6
16	Oct. 31, 1909	Amer. Smelting & R. com	6.6	86	7.6
17	Dec. 31, 1909	North American	5.9	79	7.4
18	Aug. 31, 1909	Corn Products pfd	(c) 6.1	84	7.2
19	Dec. 31, 1909	People's Gas	8.9	111	7.1
20	June 30, 1909	Distillers Securities	2.3	33	7.0
21	Mar. 31, 1910	Western Union	(a) 5.3	75	7.0
22	Jan. 31, 1910	National Biscuit com	7.7	111	6.9
23	Dec. 31, 1908	National Lead com	5.8	84	6.9
24	Nov. 30, 1909	U. S. Rubber com	3.0	45	6.7
25	Nov. 30, 1909	Amer. Tel. & Tel.	9.0	141	6.4
26	Dec. 31, 1909	Republic Iron & Steel com	2.5	40	6.2
27	Jan. 2, 1909	Amer. Sugar Refining com	7.5	124	6.0
28	Dec. 31, 1908	Railway Steel Spring pfd	5.6	105	5.3
29	Dec. 31, 1909	Tenn. Copper (par $25)	6.8	$34	5.0
30	June 30, 1909	International Paper pfd	2.7	54	5.0
31	Feb. 1, 1910	Mackay com.	4.3	90	4.7
32	Jan. 31, 1909	General Electric	7.4	156	4.7
33	Oct. 31, 1909	Amer. Steel Foundries	(a) 2.7	60	4.5
34	Dec. 31, 1909	Consolidated Gas	6.7	147	4.5
35	June 30, 1909	Amalgamated Copper	3.6	79	4.5
36	April 30, 1909	Amer. Car & Foundry com	2.6	65	4.0
37	Dec. 31, 1908	Bethlehem Steel pfd	2.4	61	4.0
38	June 30, 1909	Amer. Locomotive pfd	4.0	113	3.5
39	Dec. 31, 1909	N. Y. Air Brake	2.7	83	3.2
40	June 30, 1909	Allis-Chalmers pfd.	0.8	45	1.8
41	May 31, 1909	U. S. Cast Iron Pipe pfd	1.3	78	1.7
42	Jan. 31, 1909	Union Bag & Paper com	.0	10	.0
43	Dec. 31, 1909	Amer. Can com	.0	12	.0
44	June 30, 1909	International Paper com	.0	13	.0
45	July 31, 1909	Amer. Linseed com	.0	15	.0
46	Aug. 31, 1909	Corn Products com	.0	19	.0
47	May 31, 1909	U. S. Cast Iron Pipe com	.0	26	.0
48	Dec. 31, 1908	Bethlehem Steel com	.0	30	.0
49	Dec. 31, 1908	Railway Steel Spring com	.0	45	.0
50	June 30, 1909	American Locomotive com	.0	52	.0

Preferred stocks earning more than dividends prescribed, but now receiving either no dividends or less than said limit:

1	June 30, 1909	Amer. Hide & Leather pfd	(c)10.8	39	27.7
2	Aug. 31, 1909	Amer. Malt Corporation pfd	(c) 6.2	44	14.1
3	Jan. 31, 1909	Union Bag & Paper pfd	(c) 7.1	72	9.9

(a) Based on quarterly earnings. (b) Based on current earnings. (c) Divs. in arrears.

Brokers' Signals

How Orders Are Transmitted and Reported on the Chicago Board of Trade

By LOGAN & BRYAN

"Sell Fifteen!"

THE signal corps in the army was found necessary for the expeditious handling of troops. It has its counterpart in the business world in the signal corps of the speculative trade. The house which would keep to the front, or distance others in the race for business to-day, can no more dispense with its signal service than with its wires.

It would be next to useless to have copper wires from ocean to ocean, and to have other wires spreading over the continent from the cotton states to Canada, all manned by expert operators, and in addition a score of crack men at the keys in the main office, and then be subject to delay in actual handling of orders because of a gap between their transmission and execution. To make the system work as a whole, without a second of unnecessary delay, the signal method was adopted years ago and has been perfected from time to time, until it is now a necessary part of the handling of the enormous business which passes over the wires during the busy trading hours of each day.

The beauty of the signal corps is that it works both ways; it not only flashes the order to the broker, but a nod of the head, a motion of the hand, or a crook of the finger gives back the answer to the waiting 'phone, and this in turn again to the operator with his key open in the office to wire back to the point of the original order. With the signal system to connect the important divisions of transmission and execution the work is not only almost instantaneous, but the sender of the order, whether in Denver or Texas, or on either coast, can have the trade confirmed before he leaves the window in the sending office.

There are on the floor of the Chicago Board of Trade four pits for the conducting of trading in wheat, corn, oats and provisions, the wheat pit, of course, being the largest. Crowded together in these pits during exchange hours from 9.30 in the morning to 1.15 in the afternoon, are some six hundred men, all members of the exchange, who represent buyers and sellers from all parts of the world.

The business is transacted entirely by signals. A member who wishes to buy signifies his desire by raising his hand with the palm turned towards him; one finger extended would indicate that he wished to buy five thousands, two fingers ten thousand, and so on, both hands being extended representing fifty thousand.

A member in another portion of the pit, with hand extended, palm turned outward, is known as wishing to sell, and he uses the same code. The two men may be about twenty-five feet apart, but the noise and confusion of five hundred or more men trading back and forth does not disconcert them in the least. If the buyer turns his hand sideways with one finger extended the seller knows he is bidding one-eighth, two fingers representing one-quarter, three fingers three-eighths, and so on, all the fingers closed meaning three-quarters, the fist closed with the thumb extended seven-eighths, and the fist closed with the thumb down the full figure at which the market is being traded at the time.

The trading in sixteenths, or "splits,"

as one-half to five-eighths, five-eighths to three-quarters, etc., is done by separating the fingers with the thumb; for instance if a man is bidding one-eighth and the seller raises his hand with the thumb between the first two fingers, the buyer knows that the seller wants to sell at one-eighth "split," or one-eighth to a quarter. If the buyer nods his head or waves his hand the trade is consummated, recorded on the small cards the traders carry for that purpose, and is reported to the customer.

The trades are figured by what are known as "settling clerks" in the different offices, and it is a rare thing to have any errors, no matter how active the market may be.

There are usually about three active months traded in, and it would seem that this would cause confusion, but each future is traded in by certain classes of brokers who congregate in the part of the pit where contracts for that month are made. To illustrate: the far distant months are traded in at the center of the pit, and a broker having an order to fill in that option would, of course, go into the center of the pit to do his trading.

Each transaction made in the pit is immediately noted by an expert official and the quotations are flashed all over the country without an instant's delay.

Some large houses have a system of signalling their orders to a trader standing on the edge of the pit from the telephones, which are located about one hundred and fifty feet from the pits, the system used being the same finger method employed in the pit, to which are added certain other private signals known only to the employees of that particular house.

Competition has become so keen between some of the houses that the executions must of necessity be very rapid, and it is not an uncommon thing for an order to be flashed from New York or San Francisco to the Chicago Board of Trade, executed and reported back, all in from thirty to sixty seconds. One house alone on a busy day will signal to the pit from three to five million bushels of grain, and the reports in turn will be flashed back in the same way.

It is a rare occurrence, no matter how great the amount in question, to have a trader repudiate a transaction made even in the wildest of markets, but should any misunderstanding arise, there is a Board of Arbitration to settle all claims and adjust all differences.

There are about seventeen hundred members in the Chicago Board of Trade, and of this number about eleven hundred are active traders on the floor. The value of the system they use in their transactions can easily be appreciated when one considers that the whole transaction, from the time the orders come off the wire until the operator is flashing back the report, is practically instantaneous, and that a delay of even a few seconds might mean a loss of hundreds of dollars, so quickly does the market change at times.

Nine-tenths of the brokers who execute orders based on signals do not buy or sell a bushel of grain, a barrel of pork or a tierce of lard for their own account from one month to another. Moreover, they are not trying to follow the markets, they are making the markets. The orders which flow into the trading pits are the reflection of the composite judgments of grain raisers, stock feeders, land owners, grain exporters, elevator and packing house owners, millers at a thousand points over the great winter and spring wheat regions, the oats cereal interests, cribbers and handlers of corn from Baltimore and Buffalo across to Omaha and Kansas City, and, back of all the important and varied interests, the general public, which always has and always will take a hand in price making in the exchanges of the world.

When all these price makers get busy in the big speculative markets it can readily be seen that the men who hold the orders and make the contracts—make them in the twinkling of an eye by the use of signals such as here described—have no child's play on their hands.

The accuracy of transactions based on these swift signals is wonderful. We have seen deliveries on a single month's contracts, such as those which frequently occur for May, September or December, in which property amounting to eight million bushels of wheat, six million

bushels of corn, and ten million bushels of oats, besides hog products enough to feed half of Europe for a month, actually changed hands, and the banks taxed to their capacity to pay for the same, and yet out of it all not a default, not a serious dispute, and yet through it all for weeks and months the passing of this property was on contracts made by brokers' signals.

Fortunes in Weekly Spreads

The Golden Touch of Midas: Price, $40.00

WE have before us some literature of a concern in the Middle West, which is apparently incorporated, and which claims to be an Exchange member. However, the list of Exchanges in which membership is held is left to the imagination.

This concern proposes to sell daily and weekly spreads on wheat, and its circular is full of urgent requests to buy these spreads.

Accompanying the literature is a small card which shows the profits on daily spreads in May wheat for a certain limited period. Apparently, one cannot possibly have a loss if he buys weekly spreads from this concern, so we would all better send our money right along.

For example, $40 invested in a 20,000 bushel weekly spread on May wheat, would have netted all the way from $20 to nearly $900 every day for several days; not a single loss, mind you. No wonder the firm urges the prospective customer to purchase spreads to the full extent of his capital, and states that "this is one chance in a lifetime."

The concern may be doing a legitimate business, but its literature does not smack of the truth and its propositions do not appeal to any one who has cut his wisdom teeth.

The game is this: You send on a small amount for a trial spread. The concern shrewdly figures that if you do not make money on this first order, you will probably not come back, so they take it upon themselves to secure a profit for you on this order. They also give you the privilege of turning back your profits in exchange for more spreads, blankets and comfortables.

You are urged to let them accept a reasonable profit for you and are assured that they will send you the rest. If they do send you the rest, it is a "come on" and listens like the sample dollar bill that the green goods victim receives in his morning's mail by way of proof that the rest of the goods are of the same brand.

The way to deal with this concern is to send on the minimum number of dollars and let them show you a profit on the first order, with the understanding that you are to get *all* of your profit. After the first order, they do not agree to make money for you; you have to do this for yourself. It is only to newcomers that they are so generous. So, if you do not want to take the whole responsibility of making money upon yourself, you had better send your second order along under another name and a new address. Thus, the responsibility will still be upon them and you will be spared the boresome task of making money.

A Neglected Point in Stock Trading

NO matter how he arrives at his decisions, a trader assumes the risk of a loss for the sake of securing the chance of a profit. It will hardly be disputed that at the time any trade is made the trader cannot *know* whether his venture will prove successful or not. Consequently it is pretty generally agreed that cutting losses short is the proper thing to do, although it is a maxim more honored in the breach than in the observance by the majority.

But a further consideration is that, even assuming such skill on the part of the trader as to amount to a reasonable presumption that more trades will succeed than fail, he cannot possibly know which particular operations are to fail. If, for example, he finds that 60 per cent. of his trades show profits, he cannot know where in the course of a series the losses will fall.

The obvious deduction from the above is that equal quantities should always be taken by a trader, unless and until his particular method of trading indicates a definite, systematic change.

The accompanying analysis of an actual series of trades may be of interest to "Tickerites" in this connection. It comprises the trading operations of one of my clients.—J. L. B.

Analysis of an Actual Series of Trades

		Bought.	Sold.	Pts. Profit.	Pts. Loss.	Profit.	Loss.
40	Steel	76¼	74⅞		1⅝		$65.00
40	"	76⅛	74⅞		1½		60.00
30	Union	202⅜	201⅛		1½		45.00
30	Fuel	47	46¼		1		30.00
20	Reading	163¼	164¼	1		$20.00	
30	"	163¼	164⅜	⅞		26.25	
30	"	165¼	163⅝		1⅝		48.75
10	Fuel	45	45¼			......	......
10	Reading	163⅛	163⅝	¼		2.50	
20	"	164	163⅞		⅜		7.50
20	"	163	163½	¼		5.00	
20	"	161¾	165	3		60.00	
30	Union	207⅝	209	1⅛		33.75	
30	Reading	159⅜	161¾	2⅛		63.75	
40	"	158	156½		1¾		70.00
20	"	155⅜	157½	1⅞		37.50	
20	Steel	78¼	77		1½		30.00
40	Union	202½	202		¾		30.00
30	Reading	159⅝	160⅞	1		30.00	
30	"	160⅜	159¼		1⅜		41.25
20	Steel	84½	83⅜		1⅜		27.50
20	Reading	170¾	171¾	¾		15.00	
30	"	169¼	172⅝	3⅛		93.75	
40	Atch.	120¼	118⅛		2⅜		95.00
10	Reading	166⅝	170¾	3⅞		38.75	
20	"	165⅝	166	⅛		2.50	
680				19⅜	16¾	$428.75	$550.00
						Net Loss	$121.25

SUMMARY

26 trades, taking 680 shares, average per trade 26.16.
13 profits, average 1.49 points.
12 losses, average 1.40 points.
On the above basis, 26.16 shares on each trade would have shown 68.57 profit.
Tax and interest not included in the above.

These trades show the importance of having a definite plan of operations. It is true that expert traders of long experience, sometimes develop a sort of instinct which enables them to guess the coming movements of the market. But the impulses of the ordinary trader are far more likely to be wrong than right. If he increases the number of shares dealt in when he is most confident of his position, and makes his trades smaller when he is in doubt, he is quite as likely to lose as to gain by this operation.

He should lay down a definite plan in regard to the quantities in which he will trade. The trades shown in the above table indicate undue haste.

The best rule is to increase the size of your trades in proportion to your increased capital. For example, if you risk one-tenth of your trading capital on your first trade, and are fortunate enough to make a profit of 50 per cent. you should not risk on your second trade, 15 per cent. or 20 per cent. of your increased capital. If you do this, the law of averages works against you. On each trade you should risk the same per cent. of your capital at the time of making the trade.

When a trade is closed at a loss, either one of two methods may be employed. First, you may decrease your next trade so as to make your risk the same per cent. of capital as before. Second, you may risk the same amount of money as before, even though this is a larger per cent. of your capital.

In case you find, as a result of experience, that you rarely make more than three losses in succession, it may be best for you to follow the second method until three losses have been made. However, you would be obliged to set a definite limit to this method, as it represents a constant increase in the per cent. of your capital risked on each trade. This could not go on indefinitely.

After, say, three losing trades, you would be obliged to decrease your next trade so as to risk the same per cent. of your capital as you risked on the first trade.

Both of these methods are used successfully by different traders. It depends upon the man. But some definite rule should be adopted.

The Investment Digest

FOLLOWING is a list of publications, etc., from which this Digest is prepared. Where the name of a banking or brokerage house is given, the matter is taken from their special letter or circular: New York: *Bond Buyer; Financial News; Wall St. Journal; Wall St. Summary; Moody's Magazine; Moody's Manual; Commercial & Fin. Chronicle; Financial Age; Financial World; Railroad Age Gazette; U. S. Investor; Commercial; Brooklyn Eagle; Leslie's Weekly; Evening Mail; Evening Post; Herald; Journal of Commerce; Sun; Times; Tribune.* Boston: *News Bureau; Commercial; Financial News; Transcript; Herald; Post.* Chicago: *Record-Herald; Tribune.* Philadelphia: *Financial Bulletin; Railway World; North American.* Pittsburgh *Dispatch;* Washington *Post;* Louisville *Courier-Journal;* New Orleans *Times-Democrat;* Baltimore *Sun;* St. Louis *Post-Dispatch;* Cincinnati *Commercial Tribune;* Cleveland *Commercial Bulletin;* Memphis *Commercial Appeal;* Kansas City: *Star; Journal.* Dallas *News;* Houston *Post;* Seattle *Times;* Toronto *Globe;* Montreal *Star;* Minneapolis *Commercial West;* Birmingham *Age-Herald;* San Francisco *Journal of Commerce;* Denver *Post;* Atlanta *Constitution;* London *Statist.* Market Letters: Hayden, Stone & Co.; Clement B. Asbury; John Moody; Thos. Gibson; Trippe & Co.; Thompson, Towle & Co.; Henry Clews & Co.; Swartwout & Appenzellar; Eugene Meyer, Jr., & Co.; J. S. Bache & Co.; Spencer, Trask & Co.; W. C. Langley & Co.; Wrenn Bros. & Co.; Robert Goodbody & Co.; Kissell, Kinnicutt & Co.; Alfred Mestre & Co.; N. W. Halsey & Co.; Brown Bros. & Co.; Warren, Gzowski & Co., etc., etc. Neither THE TICKER nor the above authorities guarantee the information, but it is from sources considered trustworthy.

Am. Car & Foundry. — The attitude of this co. in matter of div. has come to be ultra-conserv. In 11 yrs. of its oper. it has added more earns. to surp. than it has paid in divs., and has same cap. as when it started, tho having nearly doubled prop. and cur. resources. Its accum. surp. is prob. $28,000,000 at pres., or over $90 per sh. of its com. stk. Such a policy must inevitably result in building up largely inc. val. for the com., tho, as usual, the add. of such val. is not gen. realized until div. rate is made to reflect it. The chances are better than even that at June meet. directors will place the $30,000,000 com. stk. on a 4% basis comp. with 2% which has prev. since July, 1908. It is est. that last six mos. the co. has been earng. better than $12 per sh. on common comp. with 2.6% for fisc. yr. end. April 30, 1909. Co. is in splendid physical and fin. con. and so far as cur. res. are concerned 2% div. inc. would not burden a co. which has over $20,000,000 work. cap.

Allis-Chalmers. — Although Co. had looked for inc. business, from pres. indic. orders for cur. mo. will exceed all expect. Co. has been getting very subst. orders in form of large contracts which will add very mat. to work on hand. Good business in electrical dep. and pros. of large sales of mining mach. warrant shops will be kept busy for some time to come. Co. has recd. the Penn. R. R. Co.'s large order for steam turbines and electrical mach. for equip. of new railroad shops at Conway, Pa.

Am. Hide & Leather.—At next meeting ques. of resum. divs. will be a prom. issue. Ints. closely identified with co. state past seven mos. vol. of business has been largest in history of co. Gross sales for fisc. yr. end. June 30 next are exp. to approx. $21,000,000 comp. with $16,000,000 in 1908. For cur. yr. almost 12% has been earned on pfd., and work. cap. has been inc. about $10,000,000.

Am. Locomotive.—A director says there will not be any div. paid on com. stk. this yr. Altho earns. will prob. show up well for the fisc. yr., co. had a deficit of $762,850 after paymt. of pfd. divs. for fisc. yr. end. June 30, 1909, which must be made up, and must also pay up prin. of notes outst. at rate of $1,000,000 a yr. until 1913 and $2,000,000 a yr. in 1913 and 1914. The managemt. in est. for coming 12 mos. assumed that it would do well to book orders during 1909-10 year for $25,000,000 locomo., or say 50% of normal cap. Actual results for six mos. to Dec. 31 showed total of fully $25,000,000 of orders taken, subst. same amt. in six mos. that had been anticipated in 12.

Amalgamated.—Statement issued in appl. to transf. cap. stk. from unlisted dept. to reg. list of Stock Exch. says that co. does not entirely own or oper. any mining prop., mills, or smelters, its ints. being rep. by its investmts. in stks. and sec., notes, or evidences of indebt. of other corp., incl. stk., of following cos.:

	Issued.	Value.	*Owned.
Anaconda	1,200,000	$25	620,000
Bos. & Mon.	150,000	25	147,915
Butte & Bost.	200,000	10	197,220
Parrot Sil. & Cop.	229,850	10	115,299
†Trenton Min.	10,000	100	9,995
Washoe Copper	30,464	100	30,459
Big Blackfoot	6,400	100	6,395
Dia. Coal & Coke	150,000	10	149,993
Gr. Cananea	2,500,000	20	100,000
Mount. Trading	1,110	100	1,107
Butte Coalition	1,000,000	15	50,000

* Owned by Amal.

† Successor of Col. Smelt. & Min.

Anaconda.—Co. has made appl. to transfer its $30,000,000 stk from unlisted to listed dep. of N. Y. Stock Exch. Statemt. for 6 mos. end. June 30, 1909, shows profit of $1,221,910, or at rate of more than 8% per an., that being rate of div. now paid. Earn. mentioned comp. with profit for entire yr. 1908 of $1,082,980.

Am. Steel Foundries.—For first half of 1910 fisc. yr., end. Jan. 31, the co. earned net $316,044, comp. with a net loss of $68,873 for same period of 1909, a clear gain of over 500%. But even with this great adv. net for

six mos. equals only 1.8% on outst. stk. For entire 1909 net rep. 3-5ths of 1%.

Am. Smelting & Ref.—This co. has no bonded debt except on one plant. Its prin. plants are located in six States and Mexico. It also owns most of the com. stk. of the Am. Smelting Sec. Co. and the U. S. Zinc Co. The Am. S. Sec. Co. in six mos. end. Nov. 30, 1909, earned a surp. of $1,043,526 avail. for com. stk. This stk. has never recd. a div. and its surp. is an undistrib. eq. for the A. S. & R. Co. The pfd. stks. of both cos. have recd. their full divs. regularly, and A. S. & R. com. has recd. reg. quar. div. for six yrs. The pres. rate is 4% per an.

Am. Tel. & Tel. — Few appre. enor. bulk of new Tel. stk. called into being or brought to market during past yr.—$125,-000,000—and its absorp. in a single 12 mos., without breaking market price, was proof of marvelous inv. power. In new stk. $77,000,000 has come thro conv. of about $103,000,000 of the $150,000,000 4% conv. bonds and $40,000,-000 the result of exch. Tel. shs. for stk of various subsid. cos. In its pur. of N. Y. Co. Am. Tel. paid about $24,000,000 for 162,000 shs. owned by Western Union. When N. Y. Tel. inc. its stk. about $36,000,000 last yr., Am. Tel. pur. the entire amt. at $140 per sh. The property was also mtgd. for $75,000,000, of which bonds $25,000,000 were sold. N. Y. Co. thus enriched its treas. $72,000,000. This sum was used to take over N. Y. & N. J. Co. on basis of $142 a sh. and the Bell of Buffalo at $93.50. Assets of N. Y. Co., incl. subsid. cos., total $196,592,950, rep. only actual val. of plant with nothing allowed for fran., patents, etc. Pres. Vail of Am. Tel. & Tel. Co., says: "The $82,000 shs. rec. sold by the Mackay Cos. was pur. by Am. Tel. Co. for its treas. acct. This stk. was sec. at a price to rep. bet. $11,000,000 and $12,000,000. The trans. was a cash one, the co. paying with a single check. Neg. were con. directly bet. presidents of the two corporations. (See Mackay Cos.)

Atchison.—One reason for heavy tendency shown is large inc. in amt. of stk. as result of conv. of bonds. Feb. 15 amt. of com. outst. was $163,488,000, comp. with $121,604,-000 at date of last an. rep., June 30, 1909, an inc. of nearly $42,000,000 in a period of 8 mos., due to the exch. of an eq. amt. of bonds. There is still $41,000,000 to be conv., which will bring total up to about $205,000,000. If Atch. seems slow to respond to market movemts., large amt. of new stk. must find inv. ownership. In 1909 cal. yr. gross for first time crossed the $100,000,000 mark for any year. Thus entitled to rank with two other R. R. which earn over $100,000,000 gross an. from transp., Penn. and So. Pacific. The fin. con. fig. to Dec. 31:

Bal. quick assets over liab., June 30, '09		$18,000,000
Add pro. conv. bond sale		30,000,000
6 mos. net, incl. other inc., Dec. 31, '09		18,600,000
Total		$66,600,000
Deduct:		
Acc. chges., six mos.	$6,370,000	
Acc. pfd. div., six mos.	2,280,000	
*Acc. com. divs. six mos.	4,230,000	
		12,880,000
Bal. cash		$53,720,000

* Fig. on avge. com. outst.

Atch. has inv. about $7,000,000 in oil prop. and are est. to be worth bet. $15,000,000 and $20,000,000. Like So. Pac., is buying larger part of its fuel oil requiremts., 5,000,000 barrels a yr., altho it could easily prod. the whole quantity if desired.

Am. Woolen.—Report for yr. end. Sept. 31, 1909, states: With sales $3,000,000 under highest mark reached in 1906, shows largest net earns. by nearly $1,000,000, which speaks well for the org. Bal., after div. on pfd. and depre. chges., was equiv. to a little over 5% on com. The co. closed yr. in a very strong position as regards work. cap., with bal. of quick assets over cur. liab. of nearly $35,000,-000.

Baltimore & Ohio.—Jan. statemt. shows gross earns., $6,421,839, inc. $895,895; exp., $4,933,134, inc. $812,832; net earns., $1,488,705, inc. of $83,063. For seven mos. of fisc. yr. as comp. with the corresp. period of 1909 statemt. shows: Gross earns., $50,492,459, inc. of $5,819,508; exp., $34,118,365, inc. $5,027,649; net earns., $16,374,094, inc. $791,859. B. & O. has sold an issue of $10,000,000 one yr. 4% notes. This issue is offered on about a 4.25% inc. basis. The sale of these notes temp. disposes of ques. of how co. will fin. the $28,-000,000 of expend. for current yr. The road has plans for exp. $10,000,000 in third tracking over Alleghanies and for loco. equip. The Chgo. Term. purch. and big new car purchs. will req. an add. $18,000,000. Proceeds of the $10,000,000 notes with treas. cash, enables road to go thro 1910 without further fin.

Brooklyn Rap. Transit.—A director, who has full access to actual figures, says that for two-thirds of the fisc. yr. to date co. has had a bal. over all req. for chges. of bet. 6% and 7% on the $45,000,000 stk. This is not enough, in his opinion, to justify any inc. in the 4% rate. This was estab. before system was earning much bal. over the $1,800,000 req. for divs., and should be adhered to, to quote him again, until time shall have proved stability of earns. thro the rapidly changing con. of local transp. By decision of ex-Judge Herrick, as referee, Brooklyn Heights R. R. (Brooklyn Rap. Tran.) is entitled to recover $3,356,938 from Brooklyn City R. R. Co., term. the action begun 10 yrs. ago.

Brooklyn Union Gas.—The co. is expected to show for full yr. of 1909 inc. in surp. of $3,500,000. It has at least $3,000,000 cash in its treas. It is underst. that in add. to this, the U. S. gov. is neg. for a tract of real estate adj. Brooklyn Navy Yard at a price of $1,500,-000. This will enable co. to inc. its div., and pay up back divs., as promised recently. Earns. at the lowest cal. are above 12% on its $18,-000,000 cap.

Chgo., Bur. & Quincy.—Co. earned over 11% on $110,839,000 stk, last yr. and was able to set aside $2,237,000 for bettermts. and $1,-266,000 for inc. acct. after paying out nearly $9,000,000 in divs. So that a loss of $800,000 in six mos.' net earns. is not a serious factor. It could be wiped out in a single mo. if road were to beat down on its oper. dep.

In remaining half yr. it is more than likely that co. will bring up its net earns. and extinguish the dec. from last yr. recorded in first six mos. But if, on contrary, the co. were called upon to meet similar unfav. cond. in closing half yr. and doubled the dec. so far shown, it would still have $2,700,000 over div. req.

Cleveland, Cin., Chgo. & St. Louis.—Of total auth. issue of $50,000,000 gen. mtg. 4% bonds, co. has sold most of $25,137,000, Reserved to retire prior liens $22,115,000, leaving to issue $2,748,000 for betterments.

Chgo. & Eastern Illinois.—N. Y. Stock Exch. has listed $2,238,000 add. 4% ref. and imp. bonds, due 1955, making total amt. listed $12,855,000.

Chgo. Great Western. — The London Stock Exch. has listed $36,721,000 com. stk. trust certif. and $33,486,700 pfd. stk. trust certif. in lieu of securities of the old co.

Consolidated Gas. — Co. has just made agreemt. with City of N. Y. to settle back taxes with paymt. of $500,000. This prepares the way for segreg. of N. Y. Edison Co., all of whose stk.—$45,051,000—is now owned by Con. Gas Co. These stks. are likely to be strong and active features of market.

Cin., Ham. & Dayton.—Co. contin. to show earn. suf. to pay all int. req. guar. by Balt. & Ohio, but as yet fails to give any encouragemt. on unfav. cond. So far as the B. & O. is concerned, road is fulfilling all expect., and indica. are that it need have little fear for ult. outcome of its contingent inv.

In six mos. end. Dec. 31, net after taxes amted. to $1,183,117, or about $165,000 over and above amt. req. to meet oblig. which carry the B. & O. guarantee.

Chgo., Mil. & St. Paul.—The most remark. thing about St. Paul during Dec. is that oper. surp. of the new Puget Sound exten. was 80% as large as of old St. Paul proper. Puget Sound has one-fifth the mileage of St. Paul; less than a yr. old, while St. Paul has been one of the main arteries in the Northw. since Civil War time. Puget Sound was less affected by weather and switchmen's strike which made St. Paul fig. appear poor.

Puget Sound rep. $372,263 after oper. exp. and taxes for Dec., while St. Paul rep. $461,-557. If old road does no better and no worse in last half of yr. than in final half of 1908-9, it will earn something like $7,700,000 after taxes. Then it will rec. $2,630,000 from Puget Sound, Tacoma Eastn. and Mont. R. R. This is almost, to the dollar, amt. which these three roads have contrib., or have earned and stand ready to contrib. to St. Paul from July 1 to Dec. 31 last.

Chgo. & Northwestern. — The cal. yr. 1909 showed earns. equiv. to 9.94% on total com. and pfd. stks. outst. For fisc. yr. end. June last, co. showed an earng. power of 11.42% on comb. stk. issues and in the cal. yr. 1908 Northw. earned 12%, in 1907 11.88% and in 1906 17.7%, but this latter comp. is qual. by the fact that capital was inc. from $97,000,000 to $122,011,983 not long after close of that yr. It will thus be seen that the co. made the poorest showing during 1909 of the past three yrs. No acct. is here taken of the new stk. issue, on which no div. accrued during 1909.

While gross receipts, incl. other inc. as well as rev. from outside oper., adv. $6,928,804 or 9%, surp. applicable to divs. dec. $2,288,448 or over 15%. This large discrepancy is only understd. when it is taken into consid. that oper. exp. were $8,710,332 in exc. of prev. yr. and that fixed chges. and taxes were also $495,113 greater.

The road spent $7,417,305 more in main. than in 1908, an adv. of almost 28%, while all other oper. exp. inc. 14%. Thus exp. other than those for preserv. of prop. inc. to a much lesser degree in comp. with business handled, while outlay upon the road and equip. were much the larger part of added exp.

Chesapeake & Ohio.—Officially ann. that directors have auth. imp. and bettermts. to cost about $5,000,000. It is stated that co. is well prepared finan. to take care of new work. Also stated that no finan. plan such as has been talked about for the acqui. of other prop. was auth.

Co. starts 1910 with biggest Jan. gross and net in its history. If it does not inc. its earns. a dollar for Feb., Mch., April, May and June, it will even then have earned 9% on its $62,-000,000 stk.

Jan. gross was $2,541,852, inc. $432,199, or 20%. Exp. only 59% of gross, while a yr. ago oper. ratio was 67%. Net is $1,031,534, inc. $329,271, or 47%.

Div. surp. for mo. is more than double a yr. ago, $533,584 comp. with $248,965.

At end of its seventh mo. in fisc. yr. C. & O. stands with inc. of $2,683,992, or 17%, in gross and a gain of $1,448,346, or 24%, in net.

It is understd. that the merch. earns. for 4th week of Feb. inc. 35% over corres. period last yr. and that earns. from coal and coke inc. 50%. (See Hocking Valley.)

Canadian Pacific.—Of the 7% divs. now paid, 1% is from int. on land funds, which consist of def. paymts. on lands sold. Last yr. int. rec. on such paymts was about double amt. req. to pay 1% on stk. The same pro. will prob. prevail this yr., for while amt. of stk. issued is larger, the def. paymts. are also larger by reason of large land sales.

Lands were granted co. by the gov. and pro. of sales have been used for railroad const. Total net pro. up to June 30 last amted. to $63,760,788, of which $36,193,521 had been exp. on the railway prop. and ded. from cost of prop., while bal. of $27,567,267 was carried as surp., though really exp. in railway const.

This exp. has been one of the greatest assets back of C. P.'s strong fin. position, and

will contin. so, as there were still, on June 30 last, 12,941,099 acres unsold.

C. P. is really giving stkholders. larger return than 7% paid in divs., since sub. rights for new stk. have avged. prob. $5 per an. for number of yrs.

Corn Products. — Directors will meet about March 15 to take action on divs. It is gen. underst. that they will agree upon 2% for pfd. stk., making 5% for yr.

While co. reports falling off in business it is booked far ahead, and behind in its deliveries.

Colorado & Southern.—End of Jan., co had surp. for div. $2,253,345. Seven mos.' share of the yr.'s paymt. on three classes of stk. is $760,000, so road earned three times surp. req. for divs.

Bal. at end of Jan. was suf. to pay entire yr.'s div. and $1,000,000 remaining. With five more mos. to be inc., it is probable that C. & S. will have bal. of $2,900,000 for divs. The spring mos. are poorest in point of earns. on this system.

Denver & Rio Grande.—The gross earnings for 1909 was largest of any yr. For Dec. earns. also estab. a record. Gross for 12 mos. agg. $22,332,129, an inc. of $2,868,110 over 1908 and of $195,989 over prev. record yr., 1907. Net is under 1907 and 1906 owing to augmented main. as well as higher costs. For this reason Denver earned only 1.87% on com. stk. after paymnt. of 5% on pfd., as against 2.16% in 1908, 4.45% in 1907.

Liberal amts. have been spent to put it in good shape to handle inc. traffic exp. from Western Pac. exten. from Salt Lake City to San Fran. For Dec., main. of way inc. 47% over Dec., 1908, and main. of equip. 10%, while oper. costs inc. only 5%.

The inc. of almost 2% of gross to 37.6% in cost of con. trans. is which must receive consid. in view of small margin of safety behind pfd. divs. Should it be nec. to make good any Western Pac. def., Denver may have to discontin. for a time paymt. of div., but there are few railroad critics who do not concede that the pro. of Western Pac. justify risking these divs. until such time as new line can dev. suf. traffic to earn its keep.

Erie.—Basis for renewal of act. is shown in good earns. Last yr. a surp. of $2,950,000 after chgs., and at pres. is showing surp. of $4,200,000. It actually has a bal. for com. stk.

Prob. one reason for lack of spec. in Erie com. is that pfd. shs. pay. no divs. There is no likelihood of being res. in im. future, all earngs. avail. being used for prop. impts. Added val., however, is being made. Divs. of 4% on both first and second pfd. req. only $2,500,000 against pres. earns. of $4,200,000.

Jan. report indicates a gross gain of $579,304, or 16%, and an oper. inc. of $201,000 in excess of last yr. For seven mos. inc. has inc. $1,692,679, or nearly 23%. The first pfd. rose above 50. While there is no prosp. of div. the fact that something will be earned this fisc. yr. gives it a fair spec. rank at half of its par val.

Granby.—The smelter in Jan. treated 112,458 tons of ore, from which recov. amted. to about 2,500,000 lbs. of copper, or at rate of about 30,000,000 lbs. per an. Co. is netting about 4½c. per lb., or $9 per sh. upon the outst. 150,000 shs.

The Directors took no action on the div. The co. decl. a 2 p. c. div. in Dec. After the meeting it was stated no div. action would be taken until all of the new stk. had been issued.

Great Northern Ore.—In 1910 inc. from main lease to Steel Corp. will amt. to $1.98, in accord with rising scale of both royalty and tonnage mined. Incl. other inc., there should be suffi. to pay next two semi-an. divs. at rate of $1 each.

In 1911 royalty from Steel Corp. will amt. to $2.46 per sh., and amt. recd. incs. thereafter to $6.54 in 1916.

G. N. Ore certif. are a val. investmt., affording ultly. large distrib. for purch. who can afford to wait for big returns.

Hocking Valley. — Edwin Hawley has prac. compl. negotia. for taking over Hocking Valley.

As connectg. link bet. Ches. & Ohio and H. Valley, Kanawha & Mich. will play an import. part.

With K. & M. and H. V. as links, and the prosp. that Newman Erb will turn over sec. of the Chgo. Cin. & Louisv., which he has been gathering in, Hawley system will have abundant outlet west. from term. of the C. & O.

When fixed chges. are ded. from Hocking Valley's net earns. of 1,491,536 for six mos. end. Dec. 31, 1909, and other inc. added, a surp. remains of $1,403,243, which is eq. to an an. rate of 20% on com. after 4% has been paid on pfd. as comp. with 7.60% for fisc. yr. end. June 30, 1909, and 6.95% for the prev. yr.

Int. Agricultural.—At stkholders' meeting it was voted to inc. stk. from $15,000,000 to $24,000,000. Half of the $9,000,000 inc. is to be 7% cum. pfd., and half com. The pfd. is also to be ent. to pref. in event of liq.

Int. Harvester.—Prelim. statemt. to Stock Exch. in app. to list $20,000,000 add. com. stk. shows net prof. for yr. end. Dec. 31, 1909, of $14,760,000. Ded. pfd. divs. of $4,200,000, there remains bal. of $10,560,000, eq. to 17.6% on $60,000,000 com. stk.

Before decl. of $20,000,000 as com. stk. div., surp. of $27,250,000 was shown. This div., however, has been taken out of surp. and trans. to capital stk., leaving $7,250,000 net for that acct. at close of 1909.

Another fav. feature was large inc. in net liquid assets, which were shown to be $89,450,000, an inc. of about $10,000,000 over 1908. A dec. of approx. $4,000,000 in cash was rep., but there was a dec. in bills and acts, pay. of about $2,500,000. Invent., bills and accts. rec. showed a gain over prev. high record in 1908 of $13,000,000.

Interborough.—For eight mos. of cur. fisc. yr. co. has now inc. gross receipts nearly $1,800,000, which is greater than $1,716,093 inc. for all fisc. yr. end. June 30 last. The

subway contin. the most remark. traction prop. in the world, accom. over 900,000 pass., which is more than double the 400,000 orig. designed to carry and if pres. growth contin. will be carrying 1,000,000 daily in a few mos.

Int. Paper. — Not only is prod. 50% larger than six mos. ago, but prices are so much better that it is likely the April div. rate on $22,406,000 pfd. will be adv. to 3% or 4%, against 2% now paid. The pfd. div. is 6% cumu., and during last two yrs. of red. div. paymts. a total of bet. 6% and 7% has acc., which the co. expects ult. to liq. in cash.

Official states, during past ten yrs. co. has cut on av. two cords per acre from nearly 4,000,000 acres of timberlands which it owns or leases. Av. yield is fully eight cords, so that in a decade co. has cut but 25% of its standing timber. Against this has been ten yrs.' growth which on the avge. is larger than amt. cut, so that to-day it has a greater cordage of growing timber than it did ten yrs. ago. Val. at $3.50 per acre, co. has a lumber equity of $14,000,000, as much of its acreage could not be dup. at any price, and large tracts it could sell at any time better than $10 per acre.

Experimts. have been made in utilizing waste from wood pulp as a dressing for auto. roads, and are understd. to have been made with ext. fav. results in Cen. Park.

Kansas City Southern. — Earnings for Jan. were $799,865.62, against $685,529 in Jan., 1909. Oper. exp. inc. over $80,000, due to adverse weather con., and taxes inc. $3,521. Net earn. were $30,479. For seven mos. gross earn. were $5,468,611, but oper. exp. took more than $394,000 of the gain and for seven mos. a dec. of $82,032 in final net.

Kansas City, Mex. & Orient.—Earnings for past 7 mos. show inc. over pre. 7 mos. 30%; $1,028,751 against $717,684, inc. $311,067. Jan., 1910, over Jan., 1909, shows inc. of 14%. Jan., 1909, earn. $123,700, against $141,000 for Jan., this yr., or cash inc. $18,300.

Compl. of system is pro. with all poss. speed, with indica. that entire line will be in oper. in two yrs. It penetrates rich agricul. dist., exten. timber lands and coal fields in Mexico. Beds of coal are near R. R., and will enable line to lay down coal at its Pac. term. at $3.50 per ton, against $7.25, cost to other R. R. Am. Smelt. & Ref. Co. are building a $5,000,000 smelter alongside track. McArthur Const. Co. awarded cont. for compl. 250 miles of main line from present Texas term. to the Rio Gr. Over $20,000,000 has been spent on const., which is trib. to vast areas of fertile farming land in this country and in Mexico, much of which is being rap. devel.

Frederick Wise, banker, of London, said English capitalists stand ready to supply funds to the co. to amt. of £3,500,000, which is ample to compl. the road.

Louisville & Nashville.—Inc. earns. for yr. and half past have been remarkable. For yr. end. June 30, 1909, L. & N. earned about 14%. This yr. earns. are going ahead so fast that 18 to 20% seems in view.

In add. it is enjoying a full share of business expan., add. largely to gross and net.

With its earn. power larger divs. than 7% seem to be a ques. of policy. Stkholders. have had no subscrip. rights in seven yrs., and divs. in that time have always been conserv.

N. Y. Stock Exch. has listed $4,619,000 Paducah & Memphis div. 50-year 4% bonds, due 1946.

Mackay Cos.—The M. Cos. sale of its stk. has been due to a recog. that the purposes in mind when stk. was acq. have been nullified by Am. Tel. acqui. of control of Western Union.

Sale of entire 82,000 shares was made at a subst. prof. which may be placed at bet. $1,500,000 and $2,000,000. (See Am. Tel. & Tel.)

Missouri, Kan. & Texas.—In last fisc. yr. imp. of Texas lines necess. a charge of $433,312 to inc., cutting down amt. avail. for com. divs. from $854,296 to $420,884, and percent. on stock from 1.32 to .66. In 1908 it necess. a chge. of $546,444, red. amt. earned for com. from $815,274 to $268,830, and percent. from 1.28 to .42. Now, no occa. to lower com. stk. earns. by ded. from inc., for there is a gen. imp. fund to take care of Texas bettermts.

June 30 last imp. fund stood at $2,653,586. At present rate of expend. is enough for Texas imp. for the next five yrs. But will leave nothing for mileage north of Red river. This being outside of Texas may be imp. out of cap. accts., so a large part if not all further bettermts. to lines in Miss., Kan., Ind. Ter. and Louisiana will be capitalized.

The co. reports defi. for Jan. of $24,403, dec. $24,941, and from July 1 a surp. of $1,676,416, inc. $648,151.

Missouri Pacific.—In cal. yr. 1909 the co. earned $5,280,000 gross in exc. of yr. end. Dec. 31, 1908.

Total rev. agg. $49,394,000, inc. of 12% over 1908, and inc. of $210,000 over prev. high record yr., 1907. Inc. over 1906 amted. to $2,800,000.

Net earns. do not show same rel. imp. as gross. The reason for this is inc. expend. on way and equip. Co.'s policy for past six mos. has been and will contin. for next 12 mos., one of devoting inc. rev. toward imp. prop.

Based on above fig. gross and net, estg. "other inc." and fixed chges, in 1909 earned sur. after all chges. $2,832,000, equiv. to 3.54% on $79,753,985 stk. outst. This comp. with 1.33% earned in year end. June 30, 1909, and 3.74% year end. June 30, 1908.

Oper. con. steadily being imp. work already done and in contem. will, by early part of 1911, put prop. in good con. From the $9,000,000 avail. for imp. on M. P. proper from recent sale of bonds and $5,000,000 avail. from same source for Iron M. bettermts., together with est. inc. in rev. which is to be devoted to this pur., expend. amting. to $20,000,000 will be made during 1910.

Min., St. Paul & S. S. Marie.—Now that pfd. and com. stks. each receive 7%, all divs. above this paid in any one yr. must be applied

to both stks. eq. This puts pfd. stk. in line for disb. exceed. 7%.

In ten yrs. Soo has doubled its mileage. It has inc. gross earns. per mile from $4,009 to $5,342, and net from $2,020 to $2,335. Net earns. in 1909 were more than its gross in 1900.

Soo Line's cur. earns. are exc. Gross for six mos. end. Dec. 31 last, shows inc. of $1,-500,000 over that of pre. sim. period, more than 20%, while net gained $1,100,000, or about 40%.

Pros. for contin. of Soo's high earn. power bright. Not only will it retain business along old lines, but that of Wis. Cen. will now accrue to it, for W. C. is now a part of Soo system, afford. direct ent. into Chgo.

N. Y. Air Brake.—Pres. Starbuck in report says earns. of $269,805 for fiscal yr. end. Dec. 31, 1909, were prac. made in last 4 mos., being over $67,000 a mo. Earnings so far this yr. have been consid. in excess of this rate and $1,250,000 orders on co.'s books already, it is conserv. est. that at least 9% on co.'s $10,000,000 stk. should be earned during 1910. Prev. to 1908 co. paid 8% reg. for several yrs.

At recent meeting of directors no action was taken regarding divs. It is intimated, however, that action will be taken in near future.

National Biscuit.—Report for fisc. yr. end. Jan. 31, 1910, shows gross sales $42,720,-543, the largest in history of co.; and prof. $3,978,576, the largest with except. of 1908, when a record of $4,101,415 was made.

After paymt. of full 7% div. on pfd. there was $2,242,261 appl. to $29,236,000 com. stk. outst., equiv. to 7.67%, comp. with 7.38% for 1909, and 8.08% for 1908.

N. Y. Central.—For whole yr. 1909 N. Y. Cen. proper shows gross earns. $93,171,861, gain of $9,244,500, or 11%.

With offi. details of inv. inc. and fixed chges. lacking, it may be est. that co. has earned bet. 7½% and 8% on capital stk. outst. at close of 1909, $178,632,000. This comp. with small fraction over 5% in 1908.

When $44,658,000 new stk. has all been issued total will be $223,290,000. On this vol. last yr.'s earns. and inc. were equiv. to approx. 6% . None of new stk. part. in any divs. against last yr.'s inc., but all will be entitled to full yr.'s div. in 1910.

N. Y. Stock Exch. has listed $5,000,000 add. 4% 30-yr. deb. due 1934. The com. is empowered to add from time to time, prior to Jan. 1, 1911, $2,000,000 add. deb., making total amt. to be listed $50,000,000.

N. Y., New Haven & Hartford.—N. Y. Stock Exch. has listed $5,000,000 add. capital stk., making total amt. listed $105,000,000.

Northern Pacific.—Altho oper. 157 miles more, Dec. earns. show poorly comp. with that mo. last yr. Gross fell $1,250,694, or 22.1%, while oper. exp. inc. $387,235, or 12.8%, and net for mo. dec. $1,437,205, or 58.3%.

Net oper. inc. of $1,025,586 makes bad showing comp. with $2,462,791 yr. ago. Co. is making gains in pass. dep., but for these total for six mos. would have been consid. below first half of 1908-9. With dec. in freight rev. of $1,346,832 in that period, pass. earns. inc. $3,531,319, making a net gain.

Poor Dec. business is on acct. of bad weather, with a long period of unbroken cold and deep snows.

Norfolk & Western.—The most import. subj. will be prov. for co.'s cap. needs of the yr.

N. & W. has $19,400,000 left of an auth. issue of $34,000,000 conv. bonds. The conv. already outst. are active in the market. In present con. there would be some val. to rights of subs. to new conv. bonds. But the co. also has some $12,000,000 of its div. first lien bonds still issuable. (See Penna.)

Peoria & Eastern.—Co. has res. int. paymts. on inc. bonds of 4% for yr., payable April 1. This road is leased by Cleve., Cin., Chgo. & St. Louis, which is cont. by N. Y. Cen. Divs at 4% were paid from April 1, 1902, to April 1, 1908, incl., but since then no paymts. have been made.

People's Gas.—Gross for fisc. yr., end. Dec. 31, $14,561,589, inc. of $822,619. Oper. exp. inc. $281,972 to $8,504,597, leaving net profits $6,056,992, inc. $540,647. After writing off depre. and deduct. int. and divs., there is surp. of $781,067, an inc. of $3,519. Net avail. for div. was 8.89% on outst. stk. This comp. with 8.36% in prev. yr. Gross earns. were largest in history of co. Stk. offered to shholders. during yr. was all taken, pro. turned into treas. in cash.

Pennsylvania.—A round $100,000,000 can be easily fig. as prob. aggre. of inc. prof. which will swell the treas. of Penn. R. R. and its subsid. cos. during yr. 1910.

Items upon which est. of an inc. of $100,-000,000 in prof. for yr. is as follows:

Stk. div. of $20,000,000 Penn. Co.' 8% stk., worth	$35,000,000
Treas. prof. on conv. of $10,225,-000 3½% bonds of 1912 conv. into stk. at 140	4,090,000
Treas. prof. on conv. of $86,835,-000 3½% bonds of 1915 conv. into stk. at 150	43,417,500
Inv. val. of stk. div. of $1,164,957 Del. R. R. stk. guar. 8% div	2,329,914
Extra cash div. of 25% on Del. R. R. stk.	416,056
Inc. in an. div. which will be recd. on Del. R. R. stk	93,119
Inc. in an. div. which will be rec. on $7,746,000 Nor. & West. com.	77,460
Inc. in an. div. which will be recd. on $20,000,000 Pitts., Cin., Chgo. & St. L. com. stk	200,000
Inc. in an. div. which will be recd. on Penn. Co. stk	1,600,000
Inc. which will be rec. in an. div. on $22,504,000 Cambria Steel stk.	4,504,080
Total	$91,728,129

While total is few million short of $100,-000,000 bal. easily prov. from several sources.

Co.'s investmt. of $100,000,000 in N. Y. City term. is now about to become prod. Four tubes under E. River at L. I. will be in oper. in April and two tubes from new station in N. Y. to N. J. to be in oper. in July. A large amt. of new local business and subst. inc. of thro. business will result from oper. of tunnels.

An. report shows cost of sec. of other corp. Dec. 31, $270,343,957, and av. rev. on cost 4.89%. Holdings of Nor. & West. stk. $23,000,800 com. and $5,500,000 pfd. (34.85% com. and 23.91% of the pfd.).

Conv. into stk. $9,758,000 10-yr. 3½% conv. bonds iss. 1902, leaving $10,223,000 outst. Of 10-yr. 3½% conv. bonds iss. 1905, $12,780,000 conv. into stk. 1909, leaving $86,835,000 outst.

Pitts., Cin., Chgo. & St. Louis.—N. Y. Stock Exch. has auth. $7,015,600 add. com. stk. to be listed on and after March 1 on notice of issuance and paymt. in full, making total amt. to be listed $35,884,400.

Pittsburg Coal.—Report of Pres. Taylor showing that total coal tonnage of co. for year 1909 was 15,565,668 tons, an inc. over the pre. yr. of 1,283,537 tons, or 9%.

Gross earns. of co. were $3,448,394, an inc. over 1908 or $423,473. Net earns. were $810,098, an inc. of $344,382.

Pressed Steel Car. — Comp. with other equip. cos., report for fisc. yr. end. Dec. 31, owing to business dep. during 1st quar. and strike which tied up McKees Rocks plant for six weeks during 3rd quar., does not make very fav. showing. About 75% of yr.'s business was done during 2nd and 4th quar.

Co. makes better showing for 1909 than 1908, when there was a def., after paymt. of 7% on pfd., of $719,522, comp. with def. of $241,583 for 1909, when oper. prof. alone are taken into consid., and a surp. of $959,583, equal to 7.67% on com., when $1,200,000 cash rec. from sale of Canada Car Co. stk. is incl. with prof.

Part of inc. in accts. payable is due to $1,700,000 rec. for stk. of Canada Car Co. $500,000 was in notes payable $100,000 an.

Pullman.—Directors passed res. recom. stk. div. of $20,000,000 to be distrib. gratis among pres. holders of the $100,000,000 capita. Meeting called for March 21 to ratify plan.

V.-P. Runnells says: The new stk. distrib. is based entirely on accum. surp., certain res. funds and cur. earns.

Since 1898, 12 yrs. ago., stkholders. have recd., incl. pending distrib., $64,000,000 in stk. divs., or 177% on the $36,000,000 capital. in 1898. In 1899 co. iss. $20,000,000 stk. in exch. for Wagner Palace Car Co. In add., in 1898, holders rec. extra cash div. of 20% or $7,200,000. In 12 yrs., therefore, the fortunate stkholders. have rec. 197%, or approx. the present market price of stk., so that their orig. stk. which is paying 8%, prac. stands them nothing.

Railway Steel Springs.—Co. reports for 1909 net earns. of $2,060,539, more than double earns. of 1908. Surp. avail. for com. stk. last yr. was $718,759, or 5.3%, which comp. with avge. of 5% for five yrs. 1904-8. Total surp. is now $2,989,701. The pfd. stk. has rec. full 7% div. since org. in 1902. Com. stk. from 1904 to 1908, incl., rec. an avge. of 3.4%. The res. of div. on com. is confidently exp.

Reading.—Co.'s Jan. surp. of $937,284 was more than twice as large as Jan. last yr. Allowing for one mos. portion of sinking funds and pfd. divs., added 1% to com. stk. earns. This brings com. stk surp. for seven mos. above $3,900,000, eq. to 5½%. Another half of 1%, and co. will have earned entire yr.'s div. requiremts. Surp. after chges. for seven mos. was $5,795,826.

Rock Island.—R. I.'s gain of $846,000 in net in six mos. end. Dec. 31 means road is doing better than for a long time prev. Oper. surp. after fixed chges. closely approx. $4,175,000, of which 94%, or $3,925,000, rep. equity of the R. R. Co. Ded. chges. of this co., incl. int. on 'Frisco coll. bonds, leaves $2,075,000, which might have been turned over to R. I. Co. from half yr.'s oper., if there were not good reasons for not doing so.

Bal. is equiv. to 4.2% on $49,271,000 R. I. pfd. As this is a 5% issue, fig. mean that in those six mos. $90,000,000 com. earned not far from 1%. 'Frisco last yr. did not earn its 2nd pfd. div., in excess over which alone R. I. could participate. R. I. is not rid of chges. yet; only half of them. This trans. is one reason why oper. co. cannot pay over all earns. to holding co.

Latest returns show pos. adv. in rev. prod. power. During Dec. six mos. gain in net was at rate of nearly $200 per mile a yr., despite main. expend. inc. by $1,500,000 to $2,000,000 a yr. Allowing for small net red. in fixed chges. on acct. of 'Frisco sale, an. surp. per mile is now about $250 more than last fisc. yr. This means diff. bet. 5% and over 8% earned on R. I. pfd.

Officially stated that the recent div. decl. was made 1¼% instead of 1½%, because it was intended only to cover int. req. of the Chgo., R. I. & Pac.

Speyer & Co. have bought $11,000,000 R. I., Louisiana & Ark. 4½% gold bonds due 1934. Part of issue limited to $30,000,000. The greater part will be placed abroad.

Southern Pacific.—S. P. had been "in oil" on large scale for many yrs. before recent purch. of 600,000 acres oil lands in Mexico, and is prod. several thousand barrels a day from own wells.

Like Atch., it looks upon oil under ground as fuel res. for future yrs. when fuel in western country may be scarce and more expen. than now. Co. is using for own engines 30,000 barrels a day; prod. less than half that amt., buying the rest.

Extent of oil dep. on S. P.'s 14,000,000 acres of land not accur. known, but is getting prelim. explor. done by leasing or otherwise disp. of scattered sect. where oil is supposed to be. Thus with oil located at three points of a triangle, there is prosp. that all land within lines con. the prod. spots bears oil.

Men familiar with oil dep. of Cal. and Texas say conserv. est. of val. of S. P.'s oil lands is $100,000,000.

Co. reports for Jan. a net rev. over oper.

exp. and taxes of $3,031,100, an inc. of $800,-196.

Sloss. Sheffield. — Report for yr. end. Nov. 30, 1909, show inc. in gross sales and earngs. $861,150, total inc. $168,607, and net earns. $162,987. The bal. after pfd. div. was equal to 6.58 earned on the $10,000,000 com. stk., as comp. with 4.95 on same last yr.

St. Louis Southwestern.—N. Y. Stock Exch. has listed $142,000 additional con. mtge. 4% bonds, due 1932, making total amt. listed $22,261,000.

In 7 mos. end. Jan. 31, co. earned surp. of $995,813 after chges., taxes and rentals which, after allowing for half-yr.'s divs. on the second mtge. inc. bonds outst. in hands of public, or $60,850, leaves bal. avail. for divs. on pfd. stk. amting. to $935,000.

As full yr.'s div. of 5% on $20,000,000 pfd. stk. calls for only $1,000,000, it would appear that by June the co. will be able to show div. req. for yr. earned and a subst. sum over.

St. Louis & San Fran. — Speyer & Co. have sold entire $12,000,000 gen. lien 15-20-yr. 5% gold bonds mat. May 1, 1927, which they purch. some time ago. A large amt. were sold in Europe.

Southern Railway.—Earns. for Jan. show inc. in gross $444,244, and an inc. in net $130,-361. For seven mos. end. Jan. 31, gross earns. were $33,764,511, against $30,615,100 same time in yr. before, and net earns. $10,253,046, comp. with $9,022,217 in corres. period in pre. yr., and $6,667,909 in 1908.

In seven mos. to Feb., the co. had oper. inc. for its fixed chges. $10,253,000, or $1,231,000 more than it had up to Feb. 1, 1909.

Third Ave.—J. N. Wallace in behalf of reorg. com. of co. bought in the prop. of co. and the stks. and bonds of controlled cos. for $26,000,000. This compl. wipes out the $16,-000,000 cap. stk. Reorg. comm. may or may not, at its op., permit shholders to par. in new co. Under reorg. plan now before Pub. Serv. Comm., shholders. would be given 45% new stk. and 40% in new ref. bonds upon paymt. of assessmt. of $45 per sh. It is assumed that same privilege or similar one will be acc. stkholders under whatever reorg. plan is finally adopted, but comm. is not bound to respt. any rights the shholders may have had.

The decree val. of co.'s con. 4% bonds, it is est., will be somewhat less than 60. This fig. is arrived at by ded. from $26,000,000, price at which prop. was sold, $3,500,000 receiv. certif., various costs and other items which bring net pro. down to less than $22,500,000, appl. to be pro-rated over the $37,560,000 con. 4s. outst.

Tennessee Copper.—Rep. for 1909 shows rects. $427,000 against $413,000, and prof. $339,000 as against $324,000.

Rep. fails to state prod. of copper during yr., a peculiar omission; there was evident. little change from 1908, when output was 14,-464,000 lbs.

Managemt. seem to be pushing output of sulph. acid rather than copper.

Tenn. is a good subst. prop., but with little inc. in output for last three yrs., and there does not seem to be any great poss. in stk. of co. which earns less than $2 a sh.

Texas Pacific Land Trust.—Report states that during year end. Dec. 31st 98,617 acres were sold for $484,829, av. of $4.92 per acre. Also sold 150 town lots for $5,530. Av. price on sales made in 1909 inc. 2.8c. per acre over 1908, but sales inc. much larger prop. of less val. and lower-priced lands.

Rentals coll. on lands leased for grazing pur. 1909 amted. to $72,531, a dec. of $6,941 from 1908.

Statemt. of assets and liab. shows bills rec. $1,449,348. Unsold land at close of yr. 2,263,-642 acres sit. in 34 dif. counties, also 129,760 acres sit. in 15 dif. counties, deeds of which are held in escrow by Farmers' Loan & Tr. Co., 2,393,402 acres in all.

Texas & Pacific. — Directors voted to again pass int. on inc. bonds; $24,986,908 of these bonds iss., of which only $988,000 are in hands of public, $330,000 in T. & P.'s treas., and $23,668,250 in Iron Mountain treas.

Pass. this int. means loss in rev. of almost $1,200,000 a yr. to Miss. Pac. and in view of fact that T. & P. will show for cal. yr. 1909, bal. of $360,000 in exc. of amt. req. to make a 5% distrib. on bal. its inc., it is appar. to what extent fin. conserv. has entered into Gould policies. Officials state surp. for yr. will be devoted to red. floating debt, approx. $5,000,000.

Twin City Rap. Tran.—While full pamphlet rep. is not ready for pub., synopsis shows gross recs. $6,969,000 for 1909, and net rev. $2,972,000, as comp. with gross $6,399,-000 and net $2,689,000, in 1908. Inc. in net earn. is 13.66%. During past yr. $850,000 was put into new const.

After all divs. and chging. off $703,000 for dep., co. added $240,000 to surp. fund. At end of yr. there was $950,000 cash on hand, and out of pres. funds all const. and exten. in coming yr. will be done. There will be no inc. in outst. cap., either stks. or bonds. Co. has inc. its com. div. from 5% to 6% per an.

Utah Copper.—Quar. report of co. is a clear and concise statemt., showing at a glance prod. for mos., quar. and yr., quar. prof., cost of prod. and price of copper used in fig. profits.

Last quar. of yr. was second in prof., and a close third in prod. Oct., with prod. of 5,252,755 lbs., a cost of 7.77 cents, and prof. of $262,000, was one of the best mos. ever reported.

Output during these three mos. 13,291,210 lbs., profit $596,317 and cost 8.48 cents. During this quar. ore treated was lowest ever mined, slightly less than 1½% copper.

For yr. output was 54,472,845 lbs., the cost about 8¾ cents, and profit $2,183,000.

N. Y. Stock Exch. has listed $1,623,240 add. capital stk. on and after March 10, 1910, making total amt. auth. to be listed $20,959,630.

Utah-Nevada Con. Copper.—Terms of exch. of Utah shs. for Nevada—i. e., 1 for 2¼—is such that only holders of nine shs., or multiples thereof, of Nevada rec. an even amt. of Utah in case they elect to make the

change. The adj. of frac. shs. is based on closing prices of Utah day prev. to day exch. is made. Table showing how exch. works out with various lots of Nevada, using 49¾ as price of Utah:

Nevada shs.	Rec. shs. Utah		
9	4		
10	4	and	$22.12
25	11	"	5.53
50	22	"	11.06
100	44	"	22.12
500	222	"	11.06

It is of int. to note that resp. earns. in the quar. end. Dec. 31 were at exact ratio of prop. terms of exch.

Nevada earns. were $736,000, or $2,944,000 an. This is eq. to $1.47 per sh.

Utah earns. were $596,000, or $2,384,000 per an. This is eq. to $3.15 per sh; $3.15 is almost exactly equiv. to 2¼ times $1.47.

In matter of subst. inc. in prod. in next yr. or two, the adv. is likely to be with Utah.

Pres. MacNeill ann. that begin. with first quar. paymt. April 1 Utah would adopt a div. basis of $3 a sh. a yr. He also ann. that prov. had been made to inc. prod. of Utah to bet. 130,000,000 and 140,000,000 lbs., annly., and at former fig. expects an an. prof. of $6,500,000 on a 13¾c. market.

There were 950,476 shs. of Nevada turned over to Utah treas.—50,000 shs. sort of an actual maj. of the co.'s 2,000,000. But Utah ints. have eight out of 11 directors on Nevada board, and vote of 950,000 shs. would carry any prop. which managemt. might wish to put to a vote.

Union Pacific. — Report made to Stock Exch. for five mos. end. Nov. 30 last:

Surplus earns. avail. for divs. during this period $22,825,647, against which div. accrued for the five mos. amted. to $10,688,034, leaving surp. of $12,137,613 after divs.

Excess of cur. assets over cur. liab. at Nov. 30 was $73,203,936, of which cash and dep., incl. cash out on loans, was $68,966,950. It is evident that U. P. will not bring out new fin. for many mos. to come.

As at Nov. 30 amt. to credit of profit and loss stood at $106,152,979, we know of no railroad that ever had a surp. approaching this huge sum.

The co. reports for Jan. a net rev. over oper. exp. and taxes of $2,351,984, an inc. of $155,267.

U. S. Realty.—Since close of last fisc. yr. co. has exhib. consid. activity in red. its funded debt. With recent pur. of $1,000,000 of its deb. gold 5s and of $284,000 others outst., have red. bonds from $13,284,000 to $12,000,000. This means stk. has been mat. strengthened.

Dec. 31 corp. showed excess of assets over cur. liab. $28,905,601, which rep. value of deb. bonds and cap. stk. of $16,162,800. Present book val. of stk. is eq. to $16,905,601, or approx. four points above parity.

Consid. comment has been made that stk. should earn nearly 10% for cur. fis. yr., is selling around 75. Officials ascribe low price to gen. con. of market, and that it is not a reflex of co.'s con., which was never better.

There is money in bank almost equiv. to actual work. capital.

U. S. Rubber.—Co. has been fortunate this yr. in having large stks. of comp. low-priced rubber which comb. with 14% adv. in prices comp. with yr. ago, will show biggest net prof. since org. Total net prof. will not differ much from yr. ago, largely because the Rubber Goods Co. has been paying no divs. for last 12 mos. on com. stk. Conseq. inc. from other sources will be dec. by amt. about as large as inc. in net from rubber boot and shoe dep.

Should U. S. Rubber incl. in its own inc. eq. in undiv. earngs. of its various subsid. cos. a bal. eq. to 10% on $25,000,000 com. could easily be shown, against 4% in 1909.

Despite large com. stk. earngs., however, the conserv. element is still opposed to any div. on the com.

Of the $2,000,000 cap. stk. of Revere Rubber Co. the U. S. R. Co. has acq. 19,774 shs. at $200 per sh. Various other exp. connected with purch. bring total amt. inv. in acqui. above $4,000,000.

U. S. Steel.—New business of Corp. now running close to prod. It is expected new business will run consid. in excess of cap. before close of March.

Earns. in March will be around $15,000,000, which means a new high record, comp. with prev. high record of $14,137,000 estab. in 1907. In event of $15,000,000 earns. inc. for second quar. will be bet. $45,000,000 and $50,000,000.

Virginia-Caro. Chemical.—Co. will prob. place its $27,984,400 com. stk. on a reg. div. basis of 4% and poss. 5%, after close of cur. fisc. yr., May 31 next.

At present time co. is earng. better than $12 per sh. on com. comp. with 7.1% for 1909 fisc. yr.

In good yr. like the pres. co. will sell consid. above 1,000,000 tons of fertilizers. Owning an import. German potash mine, 75% of its potash supplies, co. is able to secure raw material at a cost enjoyed by no other large fertilizer co. in the country. This is an add. explan. of large earngs.

Virginian Railway.—For nine mos. end. Dec. 31, gross earngs. of co. amted. to $1,191,312, or less than $2,000,000 per an. Of this amt. only $215,000 was saved for net. Net is therefore at rate of less than $325,000 per an., tho. for fisc. yr. end. June next, should (allowing for contin. inc. in traffic) show net bet. $375,000 to $400,000.

Fixed chges., excl. int. on indebt. to Rogers estate, amt. to $1,000,000 an., so that in its first yr. of oper. it will earn consid. less than one-half its fixed chges.

While this is not surp., the inability to red. oper. exp. to a reasonable fig. is dis. unsatisf.

Wabash.—Reports an inc. in net earns. during six mos. end. Dec. 31st of $758,590,

equal to 1¾% on pfd. stk. With this margin of safety 4% ref. bonds of co. look reasonably safe.

Westinghouse Air Brake. — Co.'s Jan. orders amted. to $2,000,000, exceedg. any former mo. in history of co. Co. has also made arrangemts. for sup. imp. brakes for 15,000 cars and 300 locom. for a western railroad. St. Paul adopted the Westingh. air brake last yr. At pres. works at Wilmerding are making heavier mo. shipmts. than at any prev. time, and it is expected that pres. fisc. yr. will make a new high record.

Wisconsin Central.—The Soo Line now owning all but 3,000 shs. of Wis. Cen. pfd. has decided to pass divs. on pfd. stk. of that co. Former pfd. stkholders of Wis. Cen., who have exch. their stk. for 4% leased stk. of Minn., St. P. & S. Ste. Marie, will, of course, rec. their reg. distrib. on their Soo shs. W. C. is easily earng. its pfd. divs; in fact, for first five mos. of fisc. yr., July 1 to Nov. 30, 1909, the road earned more than pfd. div. for entire yr.

Westinghouse Electric.—Business of the co. during mo. of Feb. has been most gratifying, amt. of orders booked being close upon $3,000,000. In this respect showing made was much better than Jan.

Western Electric.—Sales rep. for last two mos. of fisc. yr. end. Jan. 31, 1910, ind. that co. will show gross business of approx. $61,000,000 in cur. yr. If est. is realized will make the second best showing in co.'s history, comp. with $69,000,000 for yr. end. Nov. 30, 1906.

Co. carries its plants on its books at about 50% of orig. val. and makes conserv. an. chges. for depre.

Western Maryland.—B. F. Bush, receiver of the R. R., and pres. of the reorg. co., ann. that the $1,250,000 of 5% receiver's certifi. sec. by dep. of $1,000,000 of George's Creek & Cumb. stk., will be red. at par and int. on April 2.

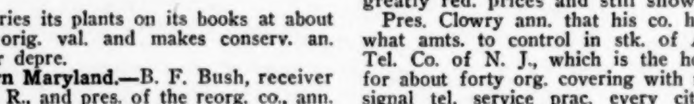
Gov. of Maryland signed bill recently intro. to auth. W. M. to sell, below par, the unissued treas. stk. amting. to approx. $26,000,000. The sale will furnish suffi. funds to const. new exten. and purch. equip.

Unsold bal. of com. stk. now in treas. of co. is, acc. to report, to be underw. by synd. incl. Blair & Co. and Equitable Trust Co., of N. Y. Amt. is slightly less than $26,000,000 and price agreed upon is said to be $50 a sh.

Wabash-Pitts. Term.—Pitts. & Lake Erie. —A new plan for reorg. of these two cos. is now being worked out owing to sev. defects which were revealed in prev. plan ann. some time ago. Earns. of the two prop. for six mos. end. with Dec. were $4,066,000 and net earn. $1,300,000, or about $200,000 more than suf. to meet chges. on pro. funded debt under plan of reorg. put forth some time ago.

Western Union.—The recent inaug. by the co. of "telegraph letters" has hardly attracted the attention it deserves. In subst. this step amts. to prelim. attempt to popularize the "Telegraph letter." It means that a business man may for 80 cents send 100 words bet. Boston and Chgo. after 6 P. M. and have it deliv. first thing next morning. This is simply one of a number of plans which the Tel. int. have in mind for inc. use facilites of West. Union. This new business, being handled after six o'clock, when rush of day is over, can be taken at greatly red. prices and still show profit.

Pres. Clowry ann. that his co. had purch. what amts. to control in stk. of Am. Dist. Tel. Co. of N. J., which is the holding co. for about forty org. covering with mess. and signal tel. service prac. every city in the country outside of N. Y.



INQUIRIES

Is there any point in connection with the science, methods or customs of the various markets which you would like to have elucidated? If so, write questions briefly and they will be answered in this column or otherwise. If personal reply desired, enclose stamped envelope. Address Inquiry Department.

☞ WE DO NOT GIVE ADVICE OR OPINIONS UPON SECURITIES OR PROBABLE MARKET MOVEMENTS.

Back Numbers.

R. D. J.—You can buy single copies of the back numbers of The Ticker for 25 cents each. Glad you like the magazine. We are doing our best to make it of interest to traders and investors.

Trend Indicator.

Will you kindly request "Rollo Tape" to answer the following question in connection with his article on making a trend indicator in the December, 1909, issue of The Ticker: What quotation should be used when no sale for the day is made in one of the stocks on which the trend indicator is based?—T. J.

Rollo Tape says: When a stock is not quoted on any day the previous day's high and low prices should be used.

Investment Information.

I am in the market for an investment of $4,000 or $5,000. Advise when you think the time opportune, naming investment.—N. W. T.

If you will refer to the heading of our inquiry column, you will notice that we do not attempt to answer such inquiries as yours. We consider advice of this kind beyond the scope of this department.

There are, as you are doubtless aware, a number of people who make a business of giving such advice.

Trend Indicator in Cotton and Grain.

Could not the same form of trend indicator used in Studies in Stock Speculation be used for cotton and grain, counting the cost of 100 bales cotton and 10,000 bushels grain for figuring the averages?

Would not the principle explained in Mr. Tubbs' article apply in grain and cotton the same as in stocks?—H. C. K.

We see no reason why the principles laid down by Mr. Tubbs should not apply as well to the cotton and grain markets. You can make a trend indicator of the cotton market by simply averaging the high and low prices for each day as quoted. In the same way you can make a chart of grain.

Fractional Dividends Shown on Chart.

Rollo Tape failed to say in the January number, when figuring a stock that sells ex-div., in cast it should be 2½ or 3¼, etc.—that is, not selling ex-dividend even points—how to move the scale up to correspond to the fraction when only lines of full points are used. Of course if a ¼ point scale is used, it would be an easy matter to move the scale up to correspond.—J. C. M.

When a stock sells ex-dividend a fraction of a point or more if you are using paper ruled to show full points only, we suggest that you cut off the paper and paste it in such a way as to bring the lines where you want them.

Tape Reading.

Mr. Rollo Tape: Personally, at least, a chart of reading for the two days on which you made your tape-reading trades (published in December issue) showing where you bought and sold on those days, and giving your reasons for making each deal, would be of great interest; and to your various followers, I believe it would be more instructive than many columns of cold type.—J. W. S.

Rollo Tape replied: "I could not show on a chart how my tape-reading transactions are made. Indications are produced so rapidly, and so many different considerations enter into them, that it would be impossible to describe them in any intelligible way. Intuition is something which enters very largely into the work, and this cannot be put into words."

Intrinsic Values.

What is the best and most accurate way to find the intrinsic value of stocks, and is there any book or periodical published giving same? —H. S. B.

The most helpful book to the student of the intrinsic value of railway stocks is Moody's "Analyses of Railway Securities," price $12.50, postpaid. This is a very comprehensive and valuable work. We consider it superior to any other publication of the kind.

"The Investor's Pocket Manual," issued monthly, price 25 cents, gives a condensed statement of the main facts in regard to prominent railway and industrial stocks. This manual gives you the most important figures, but does not take up the *theory* of intrinsic value.

We have both the above books in stock.

Volumes.

J. W. S.—Mr. Browne sends us the following reply to your questions:

"You should bear in mind that my article on 'A Study of Volumes' is intended to aid the trader in forming an intelligent judgment of market conditions, and cannot be regarded as a mechanical method; exceptional condi-

tions in the market must be allowed for. The Rock Island flurry, for example, caused a considerable increase in transactions on the decline, but this increase alone could not be taken as a bearish indication because of the exceptional character of the trading on that day. It is also important to remember that in a narrow trading market where the total volume is less than half a million shares and the fluctuations unimportant, the trend of the market cannot be judged from a single day's fluctuations, or even two or three days. This method of judging the market works best in times of activity when both volumes and fluctuations have some real significance. Your difficulty is that you are trying to apply this principle in a mechanical way, and attempting to follow too closely the small fluctuations of a narrow scalping market."

Tipsters—Statistics.

Kindly give your opinion on the market service of * * * * *, New York.

Do you know of any book giving full information in regard to all U. S. railroad and corporation securities?—A. B. S.

We do not care to express any opinion in regard to the information service you mention. It is our belief that most of the so-called "tipsters" letters are of little, if any, value, but possibly there may be some exceptions.

"Moody's Manual," advertised in our columns, gives the most complete information in regard to the principal railroad and industrial securities. A new edition has just been issued.

"The Investor's Pocket Manual," issued monthly, price 25 cents, gives a summary of prices, earnings, etc., of the principal railroad and industrial companies. It is a useful and reliable book, but of course does not make as complete an analysis of the various corporations as "Moody's Manual."

Broker's Rights as to Margins.

In case of a panic I have heard it said brokers may call for as high as 50 per cent. margin to carry stocks. Does this apply to new purchases only, or can a broker call upon all his clients to put up any margin he thinks fit, say 50 per cent. or more, or may he refuse to carry a stock altogether?

If I refuse to put up any more margin can my broker sell me out before my margin is wiped out?—W. J. S.

All brokers, so far as we are aware, protect themselves by reserving the right to close out margin trades whenever they consider it necessary. In fact, the broker's only safety is to reserve to himself the right to do this. It would be unsafe for him to accept business on margin under any other conditions. Even a margin of 50 per cent. might be hazardous in case of a corner.—See The Ticker, vol. 2, p. 49.

Of course you can take up the stocks for cash, or you can transfer the trades to another house if you prefer to do so, and if the other house will accept them. In ordinary markets, brokers do not close out their customers' trades until the margin is exhausted. The above comments apply to extraordinary markets.

Weekly Quotations—Chart of Long Swings.

I wish the weekly quotations, high, low and last, for the entire years of 1905, 1906, 1907 and 1908. Could you furnish same at a reasonable price?

On page 55, vol. 2, issue No. 2 of The Ticker, is a chart. Kindly inform me where the supposed point marked "April ?" 1909, should be located.—T. B.

The easiest way to get the quotations you desire is from the files of the "Commercial and Financial Chronicle." You can obtain the bound volumes of the "Chronicle" at the Astor Library.

In regard to the chart in Vol. 2, page 55, the market did not reach its high price in April, 1909, but continued to advance to about 132 for the 20 railroad stocks used in the chart in August, 1909. Since that time it has so far failed to reach a higher point.

Volumes.

In regard to Volumes, is it not a usual sign, when the market is weak and a stock declines two or more points and the sales are much heavier than before the decline, that there is short covering and buying for a rise? When there has been a good rise and the sales are greater than at a lower price, does not that indicate unloading?

In your article, "A Study of Volumes," by Scribner Browne, are the changes of prices, as +3¼, —1⅜, +⅞, +10, etc., the difference between the high and the low of the day, or between average daily prices?—J. S.

Neither of the indications you mention is safe to work upon. After an active break, the market is likely to rally, but the question is, when is an active break over? It may end with only one day's decline, or it may continue for several days. This same reasoning applies to an advance on large transactions.

The changes in price from day to day, as shown in the tables in the article entitled "A Study of Volumes," are based upon the closing prices for each day.

Plan of Operations—Bankrupt Stocks.

(1) Do you advise a definite mode of trading or plan of operation in buying and selling stocks for a man with $500 capital?

(2) What plan of operation do you advise on a capital of $500?

(3) Are bankrupt stocks cheaper, approximately, in panics or at the time of reorganization or assessment?

(4) Why is it not as good a plan of operation to buy bankrupt stocks any time (panic or no panic) you can get a good bargain as it would be to restrict your operations to panics?—R. C. S.

(1) We certainly do. The trader who simply plunges around in the market without any definite method of operating is certain to come to grief. Your plan should be worked out

carefully so that whenever you buy or sell you have good reasons for doing so, which you could explain intelligently to any one else. If your capital is small, it is all the more important that you should adopt such a method.

(2) Various plans may be adopted by the trader who has a capital of $500. Buying in panics, as explained in Volume 2 of THE TICKER, is one of the best. Other methods will be illustrated in Rollo Tape's series "Studies in Stock Speculation," which began in the November TICKER.

(3) Bankrupt stocks would not be likely to be much cheaper in a panic than at any other time, as a company which is bankrupt can scarcely be much worse off, even if a general panic exists. There is a definite time to buy bankrupt stocks. (See THE TICKER, Vol. 4, p. 167.)

(4) The plan you suggest is a good one, but, of course, you must learn to be an accurate judge of bargains. This requires experience.

Lending on Call.

I am trying to be a panic specialist. For this purpose I have about $45,000 in cash on which the banks have allowed me 3 per cent. interest, subject to check at any time. Could I not do better with this money by lending same in New York "on call" in the Street, and, if so, how would I best proceed about same?—E. D.

It all depends upon the money rate as to whether you can do better in New York. If you will communicate with * * * Bank, New York, which, by the way, is one of our oldest and strongest institutions, we believe that you will receive a proposition which will, at least during the present rate of money, work out to your advantage.

The bank would probably want you to leave, say $10,000, with them as a permanent deposit, and would loan out for you your surplus over this amount. They will take charge of the securities and credit your account with the interest. You would have no trouble at all in the matter, and in some cases, would be able to get even much better than the legal rate of interest, which in this state is 6 per cent.; for instance, Monday afternoon money was 10 per cent. bid.

The $10,000 permanent deposit (which, you might have it understood, may be withdrawn along with the rest in the case of a panic) would yield the bank a certain income which would pay them for their trouble in the matter.

You can readily figure it out for yourself. You are now getting 3 per cent. on $45,000, or $1,350 a year. If, under the proposed plan, you could average 4 per cent. on the remaining $35,000, your income would be $1,400; at 4½ per cent. average, it would ve $1,575; at 5 per cent., $1,750, and so on. It all depends on what the money rate is here during the time your funds are on deposit in New York.

We also regard your money as safer in the hands of a very large New York institution, which is an independent institution as well, and very conservatively managed, than it would be in even a very strong bank in any other city in this country.

Earnings of Col. Southern.

In the January issue I note that you report the present earnings on the common stock of the Colorado & Southern as being around 5 per cent. I am just in receipt of a letter from * * * * * in which they say that they have taken the published earnings for the first five months of the present fiscal year, and, estimating on that basis, the common stock will earn 8 per cent. I would like to get at the real facts in the premises, as I am contemplating a purchase of the common stock, but first would like to know for a certainty what the road is doing just at present and what the prospects are for the future.—L. G. B.

You will notice from the introduction to the Bargain Indicator table in THE TICKER, that we base the earnings of each stock as given in the table on the figures for the twelve latest months available; that is, if the latest earnings for the Colorado & Southern made pubic are for November, 1909, we take the earnings for the year from December, 1908, to November, 1909, inclusive, as the basis on which to figure the earnings of the stock.

We do this for the reason that on most roads there is a seasonal fluctuation in earnings, so that a calculation of earnings based on a few months only cannot be considered entirely fair. For example, most of the Western roads do a large business in the summer and fall in the transportation of crops, while during the winter and spring their income is much smaller. If we were to calculate the earnings on the basis of the last six months of the year, our figures would be too large, while if we used the first six months, the figures would be too small.

The recent earnings of Colorado & Southern have shown a liberal increase and we think the figures given you by your brokers are substantially correct.

Money Rates—Active and Inactive Stocks.

What is the maximum and minimum charge for money loaned on stocks? What is the difference between "call money" and other money? What interest is charged when money is "tight"? What is the disadvantage in speculating in investment (inactive) stocks? What are the advantages, if any? Would you consider Canadian Pacific an active stock? Is it looked upon as investment or speculative? Is it correct that the broader the market for a stock, that is, the more exchanges it is listed on, the less liable it is to manipulation and the harder it is for manipulators to advance or depress the price?—S. E. S.

There is no maximum or minimum charge for money loaned on stocks; the rate varies according to the condition of the money market. It is sometimes as low as ½ per cent. or as high as 100 per cent.

"Call money" refers to money which may be called in at the discretion of the loaner, or repaid at the discretion of the borrower. It is to be distinguished from "time money," which is loaned for a fixed time, arranged in advance. No exact figure can be given to represent "tight money." This is a relative term. In a general way, call money might be called "tight" when it is above 6 per cent.

The disadvantage of speculating in inactive stocks is that the bid and asked prices are likely to be some distance apart, often a point or more. This makes it more difficult to execute orders than in active stocks where the bid and asked prices are only ⅛ or ¼ apart. We do not see any special advantage in dealing in inactive stocks as compared with active issues. There are advantages in dealing in investment stocks because they have an actual intrinsic value, and for that reason do not break as severely under unfavorable conditions as stocks of a more speculative character. It is best, as a rule, to buy a stock selling below its intrinsic value, as shown by THE TICKER's "Bargain Indicator," and to select for short sales a stock selling above its value.

The best stock to buy is an investment stock of unquestioned value, which also has the advantage of an active market. Canadian Pacific Railway is a fairly active stock. It is considered an investment issue.

Your last statement is correct.

Short Time Bonds vs. Funds in Bank.

I am somewhat interested in your "panic" articles and note that you advise to put the money (after selling out stocks in boom times) into trust companies or banks. On the same "panic" subject, Roger W. Babson advises, after selling stocks at such times, to buy short time, active bonds or notes running not over two or three years, thereby getting 4 or 4½ per cent. on money invested, instead of only 2 per cent. from banks, as you suggest. In several of your articles you suggest to put this surplus money (after selling out stocks) into banks at 4 per cent., but I do not know of any that pay such a rate of interest in Boston, where the funds are subject to check. Do you not think the Babson idea more profitable and the ready cash equally obtainable (for a panic) when active very short time bonds or notes are bought to be sold when a panic arrives?—M. P.

If you wish to be sure of having promptly at hand the full amount of your capital for the purpose of purchasing stocks at low prices in a time of panic, your best plan is to deposit the money in a sound trust company, even though you get only two or three per cent. on it. One per cent. interest on your money is a small consideration compared with the profits which may be made by buying the best securities in panics.

If you put the money into bonds or notes, even though they had but a short time to run, there would be danger that the prices of these would decline with other prices during the panic. The decline might not be very much, but it would pay you better to lose one per cent. interest on your money by keeping it in a trust company, than to lose even two or three points by a decline in the value of your securities.

Mr. Babson's advices to buy short time bonds are intended for investors only, not for those who endeavor to take advantage of big fluctuations in the market by buying their securities in time of panic. His idea, as we understand it, is that at the present time when bonds, in his opinion, are likely to show a generally declining tendency, this danger can be avoided by purchasing short time bonds which will at maturity return to the investor their full face value. This advice, you will readily see, is for the permanent bondholder, not for the investor who is going to try to pick up bargains in stocks during panics.

Exchange Memberships—Western Maryland.

To become a member of the Consolidated Exchange, outside of the price of membership, must a man show that he is worth, say, eight or ten thousand dollars? Would it be necessary to have this in cash or would an equal amount in real estate or some other form of security do? Could a man on the Consolidated Exchange, if he had an office in New York City, get enough commission business to make it pay and would it pay outside of New York City? If he was what is called a "two-dollar man" on the "Big Board," could he get, with good ability, enough business this way to make it pay him at least $2,000 or $3,000 a year, or is the competition too great and business too small?

It is often said that most of the members of the Consolidated are professional traders. It seems to me that this would create a very peculiar situation, without any or very little outside trading from the public, also that floor trading would be extraordinarily difficult and would be an immense game of "cut-throat." I should think the saving of commission charges, for a man doing trading every day, would make it pay him to be a member of the Consolidated Exchange.

The buyer of Western Maryland certificates as listed on the New York Exchange will receive common stock in return, will he not?—S. A. S.

In order to become a member of the New York Consolidated Exchange you must first purchase your membership, the price of which would be probably $300 or $325. You must also pay an initiation fee of $500 and have $6,000 in cash or marketable securities. It all depends upon yourself whether you can get enough commission business to make it pay. There are too many circumstances involved to enable us to answer the question whether it would pay outside of New York City.

To become a "two-dollar man" on the New York Exchange would involve the purchase of a seat on that board, which at present would

cost you in the neighborhood of $90,000. A good two-dollar man should have no difficulty in earning from $5,000 to $10,000 a year. Specialists make a great deal more money than this. Bear in mind that the interest on $90,000 at 5 per cent. is $4,500. The money used to purchase the seat must be your own. You must also have considerable in the way of cash resources in addition to the seat.

Most of the active members on the Consolidated Exchange are professional floor traders. Comparatively little commission business gets to that floor, and the trading all hinges upon the New York Stock Exchange quotations. There is considerable information regarding the Consolidated Exchange in our back numbers. (See indices.) Floor trading is far more difficult on the Consolidated than on the New York Stock Exchange, because so many traders on the small board make a practice of selling on bulges and buying on breaks, that the fluctuations are minimized and the market on that floor injured.

If you held 100 shares of Old Western Maryland common, you would have paid an assessment of 40 per cent., amounting to $4,000. In exchange for the "certificate" with the 40 per cent. assessment fully paid, you would receive 100 shares of new common stock.

Interest on Balances—Dividends on Short Stocks—Curb Stocks.

(1) Do New York Stock Exchange houses allow interest on deposits and balances on hand, and if so, at what rate?

(2) Why should a short-seller pay the dividend on stocks when the company pays the dividend to the party in whose name the certificates stand?

(3) In using a two-point stop loss, do you believe it good logic to commence to raise the stop automatically before the trade shows a profit of at least two or three points?

(4) Will a New York Stock Exchange broker execute an order for curb stock?

(5) Can a trader sell short on the curb exactly the same as if trading on the exchange?

(6) Is the firm of * * * * * reliable?

(7) Is it not a fact that a large number of traders select stocks on which no dividends are being paid for their short sales, so as to avoid having to pay dividends if they are obliged to hold over a long period before being able to cover at a profit, and if so, is not the logic for so doing sound?—E. W.

(1) All New York Stock Exchange houses allow interest on deposits and balances of customers. The rate of interest allowed is governed by two things—first, prevailing rates for money, and second, the activity of the account. The average broker does not make a business of receiving deposits which are intended to lie idle; therefore, he is apt to credit a low rate of interest on the idle accounts and allow a higher rate on accounts which produce something in the way of commissions. No member of the Stock Exchange is permitted to pay so high a rate of interest on customers' accounts as to lose money thereby. This would amount to the same thing as cutting commissions.

(2) If you are short of a stock at par and it sells ex-dividend 2 per cent., you are obliged to pay this 2 per cent. on the stock which is being borrowed, but the market price of the stock comes down to 98, which equals your payment. In other words, the dividend does not affect you one way or the other; you neither lose nor gain on the outcome. This applies equally whether you are long or short of the stock.

(3) As a rule we think a two-point stop loss order should not be raised until the trade shows two or three points profit, unless the action of the market itself shows a new point of resistance. (See THE TICKER, Vol. 2, page 233.)

(4) Yes, all New York Stock Exchange houses have arrangements for executing orders in curb stocks. Many of them have their own representatives on the curb.

(5) A trader can sell short on the curb just the same as on the Stock Exchange, except that in some cases he may have more difficulty in borrowing stock for delivery. It is well to have your broker investigate this matter in advance before selling a curb stock short, and find out whether the stock can be easily borrowed.

(6) We consider the house named reliable. It has a good reputation in the street, so far as we are aware.

(7) It is probable that a number of traders select non-dividend-paying stocks for their sales on this account. Generally speaking, a non-dividend-paying stock is better for a short sale for the long pull, other things being equal. However, non-dividend-payers are apt to be lower in price than dividend-paying stocks, and therefore their fluctuations are smaller. As a result of this, the commission on the trade forms a larger percentage against the trader. Again, if the earnings of the stock are good, it may begin to pay dividends while you are still short of it, and in this case it would be likely to have a sharp advance. All these factors should be considered in connection with trading in any stock.

If you wish to be placed in touch with a responsible house, write THE TICKER, stating whether you are contemplating investment or speculation, what amount you have for investment, or in what sized lots you wish to deal.

Also state what large city is located most conveniently to you, or if you have any preference in this regard.

The Bond Buyer's Guide

Showing Comparative Yield of Principal Railroad Issues Listed on The New York Stock Exchange

IN the following table we have arranged in order the principal active issues of bonds listed on the New York Stock Exchange, income being figured at the latest available selling price. Ratings are according to classifications given in Moody's "Analyses of Railroad Investment." It will be noted that convertible bonds, of any class, give a relatively lower yield than others.

These tables appear each month, and are invaluable to bond buyers, as well as to brokers and all others who are called upon to recommend or advise on such matters.

Class Aaa—Bonds of the highest grade as regards security and which are also readily convertible into cash. These issues are not likely to be affected by any normal changes in the earning power of their respective roads; their prices are, however, influenced by the rates for money.

Description.	Due.	Interest period.	Price Mch. 12, '10.	Yield.
Pennsylvania R. R. Col. tr. 4s	1951		85	4.85
Lake Shore & Mich. So. Deb. 4s	1928	M — S	93⅞	4.50
Lake Shore & Mich. So. Deb. 25 yr. 4s	1931	M — N	93½	4.48
Chicago, Mil. & St. Paul Deb. 25 yr. 4s	1934	J — J	93½	4.45
Oregon Short Line Guar. Ref. Col. 4s	1929	J — D	94⅜	4.44
Nor. Pac. & Gt. Nor. C. B. & Q. Col. Jt. 4s	1921	J — J	96¼	4.38
Southern Pac. C. P. Stk. Col. G. 4s	1949	J — D	93	4.38
Wabash 1st G. 5s	1939	M — N	111¼	4.32
Chicago, Bur. & Quincy Deb. 5s	1913	M — N	102	4.30
Oregon Short Line 1st Con. G. 5s	1946	J — J	113⅜	4.25
Oregon Ry. & Nav. Con. 4s	1946	J — D	96¾	4.18
Denver & Rio Gr. 1st Con. G. 4s	1936	J — J	97¾	4.14
Central Pac. 1st Ref. 4s	1949	F — A	97⅝	4.12
N. Y., Ontario & Western Ref. 1st G. 4s	1992	M — S	97½	4.11
Penna. R. R. Conv. 3½s	1915	J — D	97⅜	4.10
Chicago, Bur. & Quincy, Ill. Div., 3½s	1949	J — J	88⅜	4.10
Union Pacific 1st Lien Ref. 4s	2008	M — S	97¾	4.09
Northern Pac. Ry. Gen. Lien 3s	2047	Qu. F	73⅞	4.09
Louisville & Nashville Unified G. 4s	1940	J — J	98⅝	4.08
Chicago, R. I. & Pac. Ry. Gen. 4s	1988	J — J	98¼	4.08
Illinois Cen. 1st Ref. 4s	1955	M — N	98⅜	4.06
Chicago, Mil. & St. Paul, C. & P. W. Div. 1st 5s	1921	J — J	108½	4.04
Nor. & Western Ry. Con. 1st 4s	1996	A — O	99¼	4.03
Reading Gen. G. 4s	1997	J — J	99½	4.02
Delaware & Hudson 1st Conv. & Ref. 4s	1943	M — N	99⅞	4.01
Chicago, Bur. & Q. Neb. Ext. 4s	1927	M — N	99⅞	4.01
Chicago, Mil. & St. Paul, Series A, Gen. 4s	1989	J — J	100	4.00
Atch., Top. & S. F. Gen. G. 4s	1995	A — O	100⅜	3.99
Chicago, Bur. & Q. Ill. Div. 1st 4s	1949	J — J	100⅛	3.99
Northern Pacific Ry. Prior Lien 4s	1997	Qu. J	101⅛	3.96
Chicago & Northwestern Gen. 3½s	1987	M — N	·89	3.96
West Shore 1st 4s	2361	J — J	101½	3.94
Union Pacific R. R. Land Gr. G. 4s	1947	J — J	101¼	3.93
N. Y. Central & H. R. R. R. Ref. 3½s	1997	J — J	90¾	3.89
Lake Shore & Mich. So. 1st 3½s	1997	J — D	91¼	3.85
Del. & Hudson Con. Deb. 4s	1916	J — D	101	3.80
Penna. R. R. Con. Sterling G. 4s	1948	M — N	104⅜	3.79
Penna. R. R. Conv. 3½s	1912	M — N	102	2.50

Class Aa—Composed of bonds but slightly inferior to the above, either as to security or salability or both.

Michigan Cen. 20 yr. Deb. 4s	1929	A — O	93	4.64
Colo. & Southern Ref. & Extn. 4½s	1935	M — N	98¼	4.59
Ches. & Ohio Gen. F. & Imp. 5s	1929	J — J	105¼	4.59
Cent. of Ga. Con. G. 5s	1945	M — N	108¼	4.53
Kansas City Southern 1st G. 3s	1950	A — O	73½	4.42
Norfolk & Western Div. 1st Lien & Gen. 4s	1944	J — J	93¼	4.39
N. Y. Cen. & H. R. R. R. Lake Shore Col. 3½s	1998	F — A	81½	4.32
Atch., Top. & S. F. Short Line 4s	1958	J — J	94⅜	4.27
N. Y. Central & H. R. R. R. Deb. 4s	1934	M — N	95½	4.26
Atch., Top. & S. F. Stamped Gen. Adj. G. 4s	1995	M — N	94¼	4.25
Balt. & Ohio Prior Lien 1st G. 3½s	1925	J — J	92	4.23

[*Class Aa—Continued*]

Description.	Due.	Interest period.	Price Mch. 12, '10.	Yield.
Colo. & Southern 1st G. 4s	1929	F — A	97	4.23
Southern Pacific R. R. 1st Ref. 4s	1955	J — J	95⅝	4.22
Cleve., Chgo., Cin. & St. Louis Gen. G. 100 yr. 4s	1993	J — D	95½	4.20
Atlantic Coast 1st Con. G. 4s	1952	M — S	96¼	4.19
Canada Southern 1st 6s	1913	J — J	105¾	4.10
Chgo., Bur. & Quincy Gen. Mtg. 4s	1958	M — S	99½	4.04
Missouri, Kan. & Texas 1st G. 4s	1990	J — D	99⅜	4.03
Balt. & Ohio 1st G. 4s	1948	A — O	99¾	4.02
Norfolk & Western Conv. 10/25 yr. 4s	1932	J — D	104	3.73
Atch., Top. & S. F. Conv. 4s	1955	J — D	117⅞	3.25
Union Pacific 20 yr. Conv. 4s	1927	J — J	110½	3.20
Atch., Top. & S. F. 10 yr. Conv. G. 5s	1917	J — D	119¼	2.03

Class A—Bonds of high grade, but liable to be affected by changing earning power as well as by money rates.

Kansas City, Fort S. & M. Ref. Con. G. 4s	1936	A — O	81½	5.32
Chicago & Alton Ry. 1st Lien 3½s	1950	J — J	73¼	5.07
Missouri, Kansas & Texas 1st Exten. G. 5s	1944	M — N	103½	4.79
Erie 1st Con. G. Prior Lien 1st 4s	1996	J — J	86	4.68
Norfolk & Western Pocah. Coal Joint 4s	1941	J — D	89	4.68
Missouri Pacific Col. Trust G. 5s	1917	M — S	101⅞	4.68
Kansas City, Fort Scott & M. Con. 6s	1928	M — N	116	4.66
N. Y., Chicago & St. Louis Deb. 4s	1931	M — N	91½	4.64
Chgo., R. I. & Pac. Ry. 1st Ref. G. 4s	1934	A — O	91¼	4.60
Balt. & Ohio, P., L. E. & W. Vo. Ref. 4s	1941	M — N	92½	4.45
Balt. & Ohio, So. West. Div., 1st G. 3½s	1925	J — J	90⅝	4.36
Ches. & Ohio Gen. G. 4½s	1992	M — S	103⅛	4.36
St. Louis Southwestern 1st G. 4s, bd. stfs	1989	M — N	92¾	4.33
Atlantic Coast Line, L. & N. Col. 4s	1952	M — N	94¼	4.30
St. Louis, Iron Mt. & So. Gen. Con. & Land Gr. 5s	1931	A — O	110	4.28
Louisville & Nashville, Atl. Knox & Cin. Div. 4s	1955	M — N	95⅜	4.23
Southern Pacific 20 yr. Conv. 4s	1929	M — S	103¼	3.76

Class Baa—Good second grade bonds, slightly speculative.

Erie 1st Con. & Gen. Lien G. 4s	1996	J — J	76	5.28
St. Louis & I. Mt. & So. R. & G. Div. 1st 4s	1933	M — N	87½	4.92
Ann Arbor 1st G. 4s	1995	Qr. J	83	4.84
Missouri, Kan. & Tex. 1st Ref. 4s	2004	M — S	84⅝	4.77
Cin., Dayton & Ironton 1st 5s	1941	M — N	107	4.58
Wisconsin Central, Sup. & Dul. Div. & Term. 1st 4s	1936	M — N	93¾	4.40
Wisconsin Central 50 yr. 1st Gen. 4s	1949	J — J	94¾	4.28
N. Y., N. H. & Hartf. Conv. Deb. 6s	1948	J — J	134⅞	4.16
N. Y., N. H. & Hartf. Conv. 3½ Deb	1956	J — J	102½	3.40

Class Ba—Well secured bonds, but likely to decline if earnings fall off or advance if earnings increase.

St. Louis & San Fran. 15/20 yr. Gen. Lien 5s	1927	M — N	89⅞	5.73
Erie Conv. 4s, Series B	1953	A — O	73	5.68
Wabash 1st Ref. & Ext. G. 4s	1956	J — J	73⅜	5.61
Denver & Rio Grande 1st & Ref. 5s	1955	F — A	93½	5.40
Erie Series A Conv. 4s	1953	A — O	82	5.03
Southern Ry. 1st Con. G. 5s	1994	J — J	108½	4.60

Class B—Issues likely to fluctuate in price and more speculative than the foregoing class.

St. Louis Southwestern 1st Con. G. 4s	1932	J — D	78⅝	5.72
Iowa Central Ref. G. 4s	1951	M — S	77¼	5.38
Missouri Pacific 40 yr. Col. G. Loan 4s	1945	M — S	81⅛	5.18
Chgo., R. I. & Pac. R. R. Col. Tr. 4s	2002	M — N	82⅛	4.89
St. Louis & San Fran. Ref. G. 4s	1951	J — J	84½	4.88

Class Caa—Almost directly responsive to changes in earning power, and having an average available income less than double interest requirements.

Southern Ry. Dev. & Gen. G. Series A 4s	1956	A — O	79⅛	5.20

Class Ca—Similar to Class Caa, but with a smaller average available income.

Seabord Air Line Col. Tr. Ref. G. 5s	1911	M — N	99¾	5.30
Pere Marquette Ref. 4s	1955	J — J	73¼	5.27
Seaboard Air Line, Ala. & Birm. 1st 4s	1933	M — S	86	5.04

Class C—Showing but slight margin above interest requirements, and not well secured or without ready market.

Seaboard Air Line 1st 4s	1950	A — O	85	4.85

The Market Outlook

Forces Working Beneath the Surface of Present Conditions.

THROUGHOUT the year 1909 national prosperity seemed to be continually on the upward march. It appears doubtful whether we shall be able to say that of 1910, when the year is over. It seems more likely that 1910 will appear, in retrospect, as a year of well maintained business activity and high prices, but without important further advances.

The limit of trade expansion must eventually be found in the supply of actual cash available for bank reserves. This controls the amount of deposits the banks may lawfully accept, which in turn limits their loans. The limitation of loans means a check to the extension of credit and, as modern business is nearly all done on credit in one way or another, a boundary is thus set to trade expansion.

The greater production of gold has enormously increased the amount available for bank reserves—in spite of the remarkable era of expanding trade through which we have passed since 1897. In 1906 we went too fast—loans exceeded deposits, money rates became exorbitant, and liquidation followed. In 1910 events are again reminding us that we are on a high level, from which a renewed upward flight will be difficult.

Expansion of Loans.—The New York bank statement of March 12th showed a ratio of loans to deposits of 100.13. For the three largest banks—National City, National Bank of Commerce, and First National—this ratio was 111.50. It will be remembered that this is merely a recurrence of the conditon that existed last December. The loan expansion of all the national banks of the United States, as last reported to the Comptroller, has been nearly $400,000,000 within a year.

In the meantime our exports of gold during 1909 broke all records. This outward movement has been checked, chiefly by sales of American securities abroad, but bankers believe that the check is temporary only. Our imports are increasing and exports decreasing. This can mean only one thing—our commodity prices are too high. Sooner or later our prices must be readjusted to the international level. Foreign purchases of our securities will prove of only temporary effect.

The process of readjustment will take place through lessening bank reserves. As long as loans continue to increase prices will continue to advance, boycotts and Congressional inquiries to the contrary notwithstanding. Expanding credit means rising prices, and you cannot make it mean anything else, by legislation or by denunciation. The rise of prices will, in turn, cause exports of gold. The decrease in our supply of gold will eventually force contraction of loans; and contraction of loans will check business expansion and thus bring lower prices.

This is not usually a rapid process. It works itself out gradually from season to season, with many intermediate fluctuations due to other causes. But it is the key to the present situation, and should not be overlooked. Every new advance of the prosperity wave will find itself climbing a steeper and steeper incline of rising money rates.

Present business conditions are good. The recent decline in the stock market did not seem to be followed by any perceptible reaction in general trade. Stocks of pig iron and of copper show a tendency to increase, and stocks of copper are unduly large. Labor troubles are assuming a somewhat threatening appearance, and the cotton goods trade is hard-pressed by the high price of cotton. But these are merely incidents. Bank clearings are maintained at a high level and a good spring business seems to be assured.

Summary of Best Opinions.—High-grade, long-time, non-convertible bonds should be marketed at the first favorable opportunity. We are not going to have a year of high prices for such bonds. Stocks, especially those yielding high interest on the investment, will be far more popular, and large authorizations of new stocks are now awaiting a market. It is natural to expect that active speculation will be encouraged, to aid in marketing the new issues, but realizing will be met on advances, and it is doubtful if the stock market as a whole scores any important advance beyond the high prices of 1909. On the other hand, excellent business conditions and large earnings will tend to bring about quick recoveries from sharp declines.